Prepared in collaboration with
Deloitte, EY, KPMG and PwC

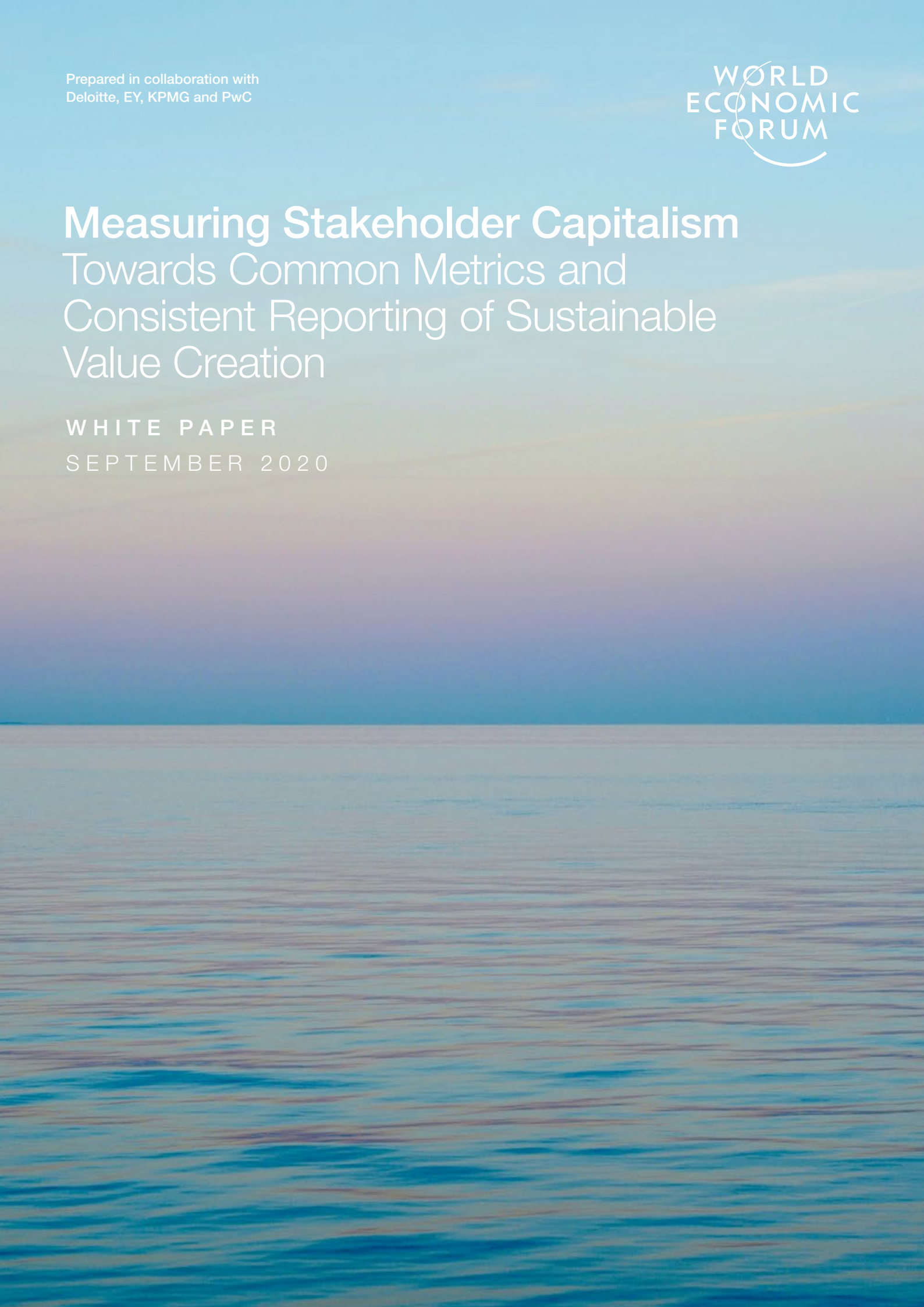
WORLD ECONOMIC FORUM

Measuring Stakeholder Capitalism

Towards Common Metrics and Consistent Reporting of Sustainable Value Creation

WHITE PAPER

SEPTEMBER 2020



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Preface

Brian Moynihan
Chairman and Chief Executive Officer, Bank of America
Chairman, International Business Council of the World Economic Forum

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Founder and Executive Chairman, World Economic Forum

We are in the midst of the most severe series of challenges the world has experienced since World War Two. The COVID-19 pandemic has exposed the fragility of our global systems. It has exacerbated underlying economic and social inequalities and is unfolding at the same time as a mounting climate crisis. Leaders in every sector – government, business, civil society – find themselves at a defining crossroads. We must mobilize all constituencies of our global society to work together and seize this historic opportunity to rebalance our world for the benefit of all. The private sector has a critical role to play.

The principles of stakeholder capitalism, championed by the World Economic Forum for half a century and recently restated in the Davos Manifesto 2020, have never been so important. The Forum's International Business Council (IBC) is at the forefront of this rebalancing of corporate purpose. In 2017, the IBC spearheaded a commitment from more than 140 CEOs to align their corporate values and strategies with the UN's Sustainable Development Goals (SDGs), to better serve society. There is an emerging consensus among companies that long-term value is most effectively created by serving the interests of all stakeholders.

This is the context within which we present the conclusions of our project to define common metrics for sustainable value creation, launched at the Annual Meeting of the World Economic Forum in January 2020. This project, developed within the IBC, seeks to improve the ways that companies measure and demonstrate their contributions towards creating more prosperous, fulfilled societies and a more sustainable relationship with our planet. It also recognizes that companies that hold themselves accountable to their stakeholders and increase transparency will be more viable – and valuable – in the long-term.

The culmination of a year's effort from contributors on every continent, this work defines the essence of stakeholder capitalism: it is the capacity of the private sector to harness the innovative, creative power of individuals and teams to generate long-term value for shareholders, for all members of society and for the planet we share. It is an idea whose time has come.

This work defines a core set of "Stakeholder Capitalism Metrics" (SCM) and disclosures that can be used by IBC members to align their mainstream reporting on performance against environmental, social and governance (ESG) indicators and track their contributions towards the SDGs on a consistent basis. The metrics are deliberately based on existing standards, with the near-term objectives of accelerating convergence among the leading private standard-setters and bringing greater comparability and consistency to the reporting of ESG disclosures.

These recommended Stakeholder Capitalism Metrics and disclosures have been developed by an outstanding task force of experts dedicated to the project by the four largest accounting firms, as well as colleagues from Bank of America and the World Economic Forum who coordinated the process and synthesized its outcomes.

We thank our IBC colleagues Punit Renjen of Deloitte, Carmine Di Sibio of EY, Bill Thomas of KPMG and Bob Moritz of PwC for the extraordinary commitment and spirit of collaboration that they and their talented teams have brought to this project. We also appreciate the efforts of our Bank of America and Forum colleagues, as well as experts from IBC companies and other organizations who have provided their input. The Acknowledgements section of the report recognizes these team members.

We are heartened by the emerging consensus among IBC members towards their own adoption of these metrics and the commitment the group has made to realizing the ideals of stakeholder capitalism. Similarly, we are encouraged by the substantial momentum towards a system-wide solution for ESG reporting. We invite all IBC members to declare their intention to report on these metrics and disclosures; collectively, we will present a timeline for that process at the IBC's Winter Meeting in January 2021. Finally, we encourage the wider corporate community to join us in this collective endeavour.

1 Introduction and summary

The context in which businesses now operate has been transformed by climate change, nature loss, social unrest around inclusion and working conditions, COVID-19 and changing expectations of the role of corporations. Further, the global pandemic has exacerbated underlying and longstanding failures regarding equality and access to economic opportunities. To continue to thrive, companies need to build their resilience and enhance their licence to operate, through greater commitment to long-term, sustainable value creation that embraces the wider demands of people and planet.

The IBC has been leading the way in this initiative to deliver on the promise of stakeholder capitalism. In 2017, it sponsored the World Economic Forum's Compact for Responsive and Responsible Leadership, in which more than 140 global business leaders committed to align their corporate goals with the long-term goals of society. In its Summer Meeting 2019, IBC members reaffirmed the significance of environmental, social and governance (ESG) aspects of business performance and risk in creating long-term value. They flagged the existence of multiple ESG reporting frameworks and the lack of consistency and comparability of metrics as pain points preventing companies from credibly demonstrating to all stakeholders their progress on sustainability and their contributions to the SDGs.

Consequently, the IBC invited the Forum – in collaboration with Deloitte, EY, KPMG and PwC – to identify a set of universal, material ESG metrics and recommended disclosures that could be reflected in the mainstream annual reports of companies on a consistent basis across industry sectors and countries. The metrics should be capable of verification and assurance, to enhance transparency and alignment among corporations, investors and all stakeholders. The wider objective was – and remains – "for IBC companies to begin reporting collectively on this basis in an effort to encourage greater cooperation and alignment among existing standards as well as to catalyse progress towards a systemic solution, such as a generally accepted international accounting standard in this respect."[1]

The project presented its provisional set of metrics and disclosures to the IBC's Winter Meeting 2020 in Davos-Klosters. From January to July, an intense period of consultation with more than 200 companies, investors and other key players elicited valuable feedback, with more than three-quarters of respondents agreeing that reporting on a set of universal, industry-agnostic ESG metrics would be useful for their company, financial markets and the economy more generally. The refined set of indicators was presented to the IBC's Summer Meeting in August 2020, where the initiative attracted strong support from investors and companies alike, with the great majority of participating IBC members committing to report against the metrics at the earliest opportunity. It is seen as the right thing to do, for business and for society.

The result of this process is 21 core and 34 expanded metrics and disclosures, which the project commends to both IBC members and non-IBC companies for adoption:

– **Core metrics:** A set of 21 more-established or critically important metrics and disclosures. These are primarily quantitative metrics for which information is already being reported by many firms (albeit often in different formats) or can be obtained with reasonable effort. They focus primarily on activities within an organization's own boundaries.

– **Expanded metrics:** A set of 34 metrics and disclosures that tend to be less well-established in existing practice and standards and have a wider value chain scope or convey impact in a more sophisticated or tangible way, such as in monetary terms. They represent a more advanced way of measuring and communicating sustainable value creation.

The recommended metrics are organized under four pillars that are aligned with the SDGs and principal ESG domains: Principles of Governance, Planet, People and Prosperity. They are drawn wherever possible from existing standards and disclosures, with the aim of amplifying the rigorous work already done by standard-setters rather than reinventing the wheel. The metrics have been selected for their universality across industries and business models, but the intention is not to replace relevant sector- and company-specific indicators. Companies are encouraged to report against as many of the core and expanded metrics as they find material and appropriate, on the basis of a "disclose or explain" approach.

Since the project began, the ecosystem has seen numerous developments. The European Commission is revising its Non-Financial Reporting Directive. The International Organization of Securities Commissions (IOSCO) has set out its intention to accelerate the harmonization of sustainability standards. The US Securities and Exchange Commission (SEC) has amended its rules to enhance human capital disclosures. The International Financial Reporting Standards (IFRS) Foundation has agreed to consult on broadening its mandate to include sustainability issues. The International Federation of Accountants (IFAC) has called for the creation of an International Sustainability Standards Board to sit alongside the International Accounting Standards Board (IASB) under the auspices of the IFRS Foundation.

Meanwhile, the five leading voluntary framework- and standard-setters – CDP, the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) – have for the first time committed to work towards a joint vision. They presented a paper to the IBC Summer Meeting 2020 and issued a subsequent statement of intent,[2]

detailing how their work and the IBC's project are fundamentally complementary and could form the natural building blocks of a single, coherent, global ESG reporting system.

Within the ecosystem, the IBC is seen as carrying great influence as a collective. If members take the lead in reporting and promoting the metrics, it will encourage other companies and investors to participate in the collective action, creating greater momentum towards the convergence the project aims to realize.

At the heart of this exercise is the belief that the interrelation of economic, environmental and social factors is increasingly material to long-term enterprise value creation. Investors and stakeholders now expect companies to report on non-financial issues, risks and opportunities with the same discipline and rigour as financial information.

By reporting on these recommended metrics in its mainstream report – and integrating them into governance, business strategy and performance management – a company demonstrates to its shareholders and stakeholders alike that it diligently weighs all pertinent risks and opportunities in running its business.

But beyond this, those corporations that align their goals to the long-term goals of society, as articulated in the SDGs, are the most likely to create long-term sustainable value, while driving positive outcomes for business, the economy, society and the planet. This is the true definition of stakeholder capitalism.

> **As the UK works in partnership with Italy towards hosting the COP26 climate change conference in Glasgow in November 2021, I welcome the work of the World Economic Forum's International Business Council in creating a set of common metrics for reporting sustainable value creation. Through this work you are demonstrating to shareholders, stakeholders and society at large that the private sector is committed to measuring and improving its impacts on the environment as part of the transition to a low-carbon future. I encourage governments, regulators, the official accounting community and voluntary standard setters to work with the IBC towards creating a globally accepted system of sustainability reporting based on this project's groundbreaking work.**
>
> Mark Carney, Finance Advisor to the UK Prime Minister for COP26 and United Nations (UN) Special Envoy for Climate Action and Finance

FIGURE 1 | **Summary overview of core metrics and disclosures**

Principles of Governance

Theme	Governance: Core metrics and disclosures	Sources
Governing purpose	Setting purpose The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	The British Academy and Colin Mayer, GRI 102-26, Embankment Project for Inclusive Capitalism (EPIC) and others
Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	GRI 102-22, GRI 405-1a, IR 4B
Stakeholder engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	GRI 102-21, GRI 102-43, GRI 102-47
Ethical behaviour	Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	GRI 205-2, GRI 205-3
	Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	GRI 102-17
Risk and opportunity oversight	Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	EPIC, GRI 102-15, World Economic Forum Integrated Corporate Governance, IR 4D

Planet

Theme	Planet: Core metrics and disclosures	Sources
Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO_2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	GRI 305:1-3, TCFD, GHG Protocol
	TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Recommendations of the TCFD; CDSB R01, R02, R03, R04 and R06; SASB 110; Science Based Targets initiative
Nature loss	Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	GRI 304-1
Freshwater availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	SASB CG-HP-140a.1, WRI Aqueduct water risk atlas tool

People

Theme	People: Core metrics and disclosures	Sources
Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	GRI 405-1b
	Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Adapted from GRI 405-2
	Wage level (%) Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	GRI 202-1, Adapted from Dodd-Frank Act, US SEC Regulations
	Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	GRI 408-1b, GRI 409-1

Theme	People: Core metrics and disclosures	Sources
Health and well-being	Health and safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	GRI:2018 403-9a&b, GRI:2018 403-6a
Skills for the future	Training provided (#, $) Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	GRI 404-1, SASB HC 101-15

Prosperity

Theme	Prosperity: Core metrics and disclosures	Sources
Employment and wealth generation	Absolute number and rate of employment 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Adapted, to include other indicators of diversity, from GRI 401-1a&b
	Economic contribution 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	GRI 201-1, GRI 201-4
	Financial investment contribution 1. Total capital expenditures (CapEx) *minus* depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks *plus* dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	As referenced in IAS 7 and US GAAP ASC 230
Innovation of better products and services	Total R&D expenses ($) Total costs related to research and development.	US GAAP ASC 730
Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Adapted from GRI 201-1

2 Approach

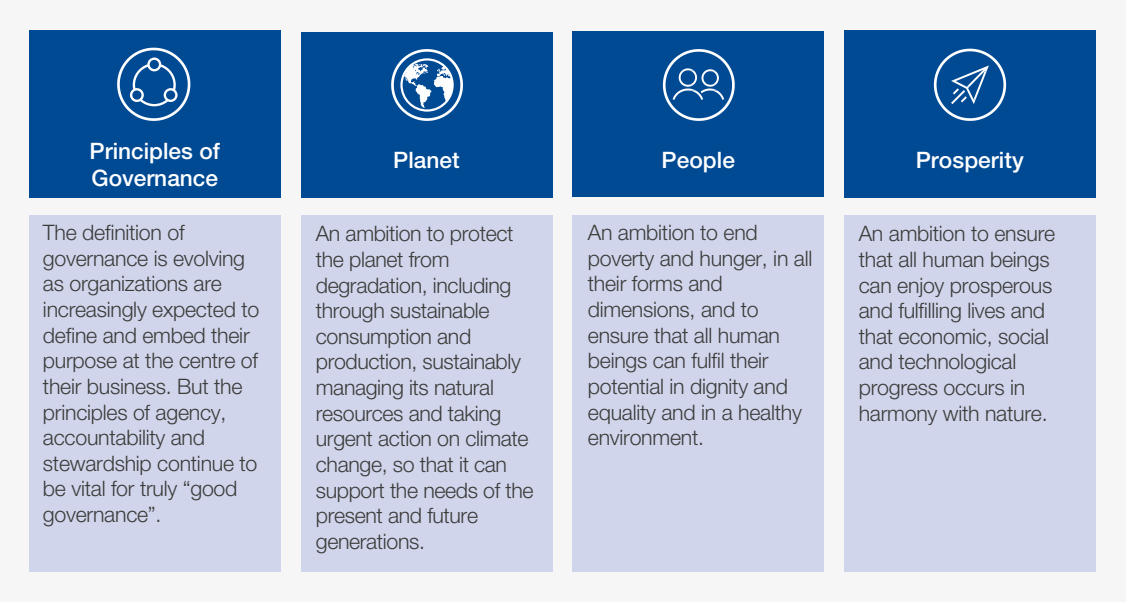
2.1 Development of recommended metrics

In 2017, the IBC sponsored The Compact for Responsive and Responsible Leadership,[3] which declared that "society is best served by corporations that have aligned their goals to serve the long-term goals of society", and identified the SDGs as the roadmap for that alignment. Accordingly, the metrics that we recommend are grounded in the SDGs and in the recognition that bold and transformative steps are needed to shift the world onto a sustainable and resilient path.[4]

The four pillars

The metrics have been organized into four pillars – Principles of Governance, Planet, People and Prosperity – which are aligned with the essential elements of the SDGs (see Figure 2).

FIGURE 2 **The four pillars**



Source: World Economic Forum and Big Four analysis. Definitions for Planet, People and Prosperity taken from the UN's 2030 Agenda for Sustainable Development[5]

Each of these pillars has an important bearing on the capacity of a firm to generate shared and sustainable value. Performance in one pillar is highly interdependent with that in the others. And the corporate community's performance across all of them has an important influence on the pace at which society advances towards the broader aspirations enshrined in the SDGs.

The four pillars and their associated metrics should not be seen in isolation. Governance is foundational for a company in setting purpose and provides oversight for a company's activities that contribute to a prosperous, sustainable society. Without good governance, companies lack the supportive context within which to make progress on the other three pillars. Without a healthy planet to provide the clean air, fresh water, agriculture, forests and fisheries on which human life depends, societies cannot succeed and companies cannot create long-term value.

People are at the centre of global economic prosperity, driving wealth creation, developing innovative products and services and supporting the communities in which they live and work. Companies perform better when their employees are well-trained, diverse and financially secure. The inclusion of prosperity as the fourth pillar takes this project's work beyond simply "ESG", highlighting the importance of prosperous societies and the role of businesses in fuelling economic growth, innovation and shared wealth.

Each pillar comprises up to seven themes, considered to be the most important to society, the planet and the economy, and the most universally relevant to all companies. Each theme is critical to a comprehensive understanding of its pillar and groups together one or more corresponding metrics or disclosures to measure corporate performance and sustainable value creation. All metrics are drawn from existing frameworks and standards, where available.

For definitions of key terms used in this paper, refer to the Glossary in the Appendix.

Criteria for prioritizing the metrics

The following criteria were used to filter and prioritize all themes and metrics:

1. Consistency with existing frameworks and standards
2. Materiality to long-term value creation
3. Extent of actionability
4. Universality across industries and business models
5. Monitoring feasibility of reporting

Within each of the pillars, metrics and disclosures have been selected that best combine universality across industries and geographies, and that enable companies to demonstrate their commitment to long-term sustainable value creation. The aim is to map a path for companies to report on core indicators, with the possibility to add more leading-edge, expanded disclosures to their reporting over time.

The recommended core and expanded metrics and disclosures in this report were developed by teams assembled by the Big Four accounting firms. Each firm took the lead on one of the four pillars, but all firms had an opportunity to contribute to the thought process in each pillar. This extraordinary, collaborative effort among the world's largest accounting firms was coordinated by teams from the Forum and Bank of America, representing the IBC's chairman, Brian Moynihan, over the course of a year's work, culminating in the presentation of these metrics to the IBC Summer Meeting in August 2020.

The refinement process included a six-month consultation process with IBC members, non-IBC corporates, investors, regulators, standard-setters, framework-providers, academics and other relevant actors in the corporate reporting ecosystem, whose valuable feedback enabled us to deliver the final set of metrics and disclosures to be found in this report.

2.1 Application of recommended metrics

The purpose of this initiative is to enable IBC companies – as well as non-IBC companies – to begin reporting in a consistent and more comparable way on key dimensions of sustainable value. In so doing, the IBC hopes to catalyse faster progress towards the creation of a more formal, systemic solution, such as a generally accepted set of international accounting standards for material ESG and longer-term value considerations.

Accordingly, companies are encouraged to begin reporting on the recommended core metrics, where relevant and possible in mainstream corporate disclosures (annual reports to investors and proxy statements). Addressing ESG metrics within a company's annual report (variously known as the MD&A, the strategic report, the integrated report) will ensure that consideration of material ESG factors is on the board's agenda and is part of the overall corporate governance process.

This effort is not intended to diminish the value of the separate sustainability/ESG/impact reports, which often provide more comprehensive information at the industry- and company-specific levels, tailored to the interests of stakeholders beyond investors. It is hoped that these recommended metrics may help companies align their annual financial reports and annual sustainability reports in order to provide investors and other stakeholders with clear and coherent performance metrics, along with analysis of risks and future goals.

Further, in selecting both core and expanded metrics for their universality, the intention is to create a foundational set of disclosures, beyond which companies can report with more sector- and industry-specific indicators as appropriate.

Some of the key concerns raised during the consultation process are addressed in more detail below.

Disclose or explain

While the recommended metrics and disclosures are intended to be universal and industry-agnostic, there may be instances when certain metrics are not feasible, relevant or easy to implement immediately. This may be due to concerns about, for example, confidentiality constraints, legal prohibitions, data availability, geographic idiosyncrasies or lack of materiality.

The issue of materiality, in particular, generated considerable debate during the consultation process. This initiative uses "material" and "materiality" to refer to information that is important, relevant and/or critical to long-term value creation. For a fuller analysis of the term, see Box 1 below.

In line with the principles of good governance, we would encourage boards to consider the full set of recommended metrics and disclosures, and report on all those that are material or relevant to the

organization. However, in cases where a specific metric is not material for a company's long-term value creation, we recommend a "disclose or explain" approach and encourage companies to explain in their reports the specific information omitted and the reasons for those omissions.

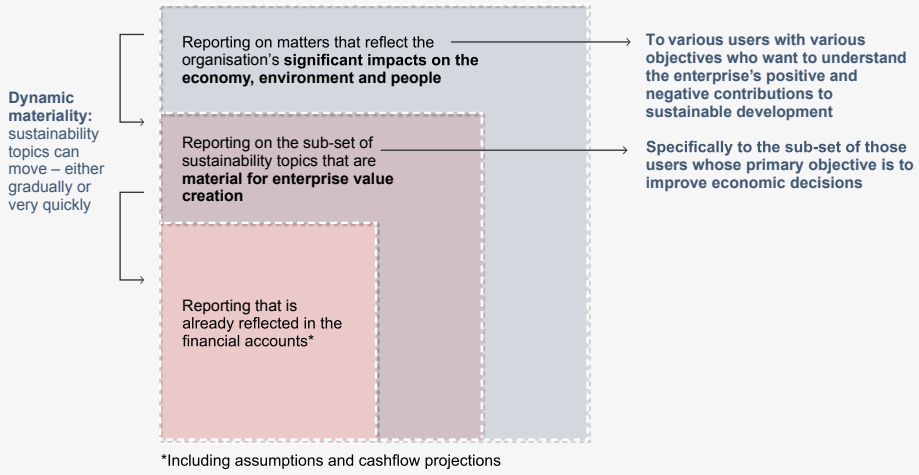
BOX 1 **Materiality**

This project uses the term "material" to mean information that is important, relevant and/or critical to long-term value creation. The issue of materiality and what should be disclosed in annual reports varies according to regional regulations and expectations, particularly in the United States. We do not use the term with reference to or to redefine national legal definitions (e.g. in the US) for the purposes of corporate disclosures.

Our perspective is that the recommended metrics reflect not only financial impacts but "pre-financial" information that may not be strictly material in the short term, but are material to society and planet and therefore may become material to financial performance over the medium or longer term. Materiality is a dynamic concept, in which issues once considered relevant only to social value can rapidly become financially material. In this sense, sustainable value creation lies at the intersection of social and corporate value. The concept of dynamic materiality, as understood by the five leading voluntary framework- and standard-setters, is captured in Figure 3.

While we encourage broad adoption of these metrics and their inclusion in mainstream reporting, we understand that companies will apply their own materiality lens to inform what they disclose and what they explain.

FIGURE 3 **Dynamic materiality**



Source: *Statement of Intent to Work Together Towards Comprehensive Corporate Reporting,* CDP, DCSB, GRI, IIRC and SASB, September 2020

Direction of travel from core to expanded metrics

The primary focus of this project is to encourage as many companies as possible to start reporting on the recommended core metrics in mainstream annual reports and disclosures at the earliest opportunity. This is why the project has scanned the many hundreds of ESG metrics available and highlighted just 21 core metrics that are well-established, universal, industry-agnostic and that we believe to be material to sustainable value creation.

It is acknowledged that not all companies will find it easy to report immediately against all the recommended metrics in their mainstream disclosures. However, the ambition is for companies to embark on a journey that leads to reporting both core and expanded metrics – in the spirit of embracing stakeholder capitalism. As momentum in the market and expectations in society at large build towards more far-reaching progress on the SDGs and more transparent corporate reporting, the expanded metrics present a pathway for companies to continuously improve the depth, breadth and sophistication of their reporting on issues of economic, environmental and social concern.

The expanded metrics and disclosures encourage companies to move from reporting outputs alone to capturing the *impacts* of their operations on nature and society across the full value chain, in more tangible, sophisticated ways, including the monetary value of impacts. They also address urgent emerging issues – such as nature loss, resource circularity, and gender and ethnicity pay gaps – that are not yet well-represented in formal reporting standards. These considerations will require additional sector- and company-specific metrics to be developed over time.

Additional guidance

The recommended metrics and disclosures are not just isolated data points. Companies are encouraged to include supporting contextual commentary on their disclosures, as this will add value to the data. The level of commentary will vary by company depending on their specific circumstances.

It is beyond the scope of this project to provide detailed methodologies for measuring performance in a precisely comparable manner. However, companies can refer to the source standards and frameworks for more information on methodologies. The Appendix to this report contains additional commentary on each of the metrics, including some guidance around reporting.

3 Consultation and refinement process

3.1 Consultation process

From January to July 2020, the project held a wide-ranging and open consultation on the metrics and disclosures proposed in the January Consultation Draft paper. The feedback process engaged IBC members, non-IBC companies, investors, standard-setters and other key players in the ecosystem, generating quantitative data through a consultation survey, and qualitative insight through detailed discussions and workshops (see Figure 4).

The project has seen significant support for its objectives and high levels of engagement by companies to support refinement of the metrics. Feedback was collected through three workstreams, outlined below.

Socialization

This process obtained and synthesized feedback via survey responses, one-on-one meetings and workshops for the overall project and core metrics. A total of 60 IBC companies responded to the survey (more than half the IBC membership), many of which discussed their views with the project team.

More than 80 non-IBC organizations (corporates, non-governmental organizations and industry bodies) responded to the survey. The project held three industry-specific workshops (Oil and Gas, Mining and Metals, Electricity) and engaged 66 investors through workshops and one-on-one consultations.

Market testing

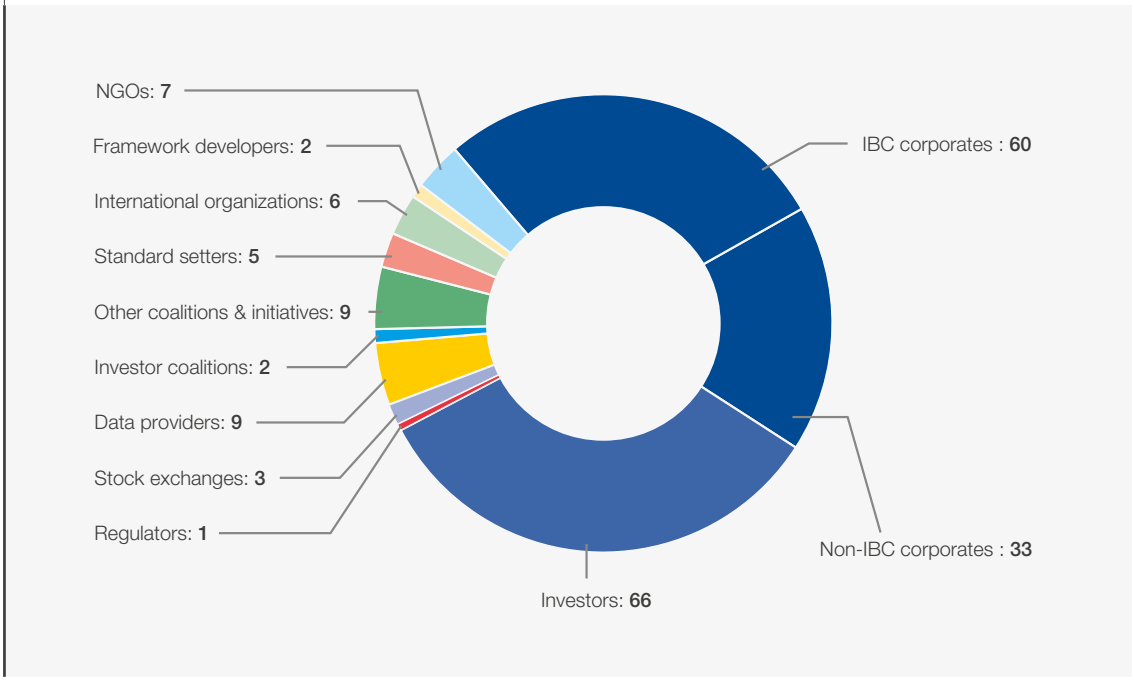
This process engaged 15 companies in deeper one-on-one discussions analysing the feasibility of companies adopting and reporting both the core and expanded metrics.

Systemization

A key part of the project and consultation process was a discrete but important track of work focused on engaging with influential leaders in the reporting ecosystem. The Forum organized various engagements with framework- and standard-setters, regulators, stock exchanges, data providers, international organizations, accounting authorities and the European Commission to showcase this initiative and discuss how it could best accelerate progress towards a systemic solution for consistent and comparable reporting on sustainable value creation. For a longer discussion on the sustainability-reporting ecosystem and where this project fits in that space, refer to the Ecosystem chapter of this report.

The data delivered through these consultations were aggregated and assessed against a set of principles for refining the metrics. Each of the Big Four firms refined its own pillar metrics and disclosures based on the feedback, while deliberating cross-cutting issues at working group level.

FIGURE 4 **Respondents to the consultation process**



3.2 Summary of feedback and key changes

Feedback

All feedback was considered, but the input from IBC members was prioritized. The consultation survey data provided the primary information source in refining the metrics, with qualitative feedback informing the refinement of metrics that attracted varying support.

Of the IBC respondents to the survey, 88% agreed that reporting on a set of universal, industry-agnostic ESG metrics and disclosures would be useful for their company, while 91% agreed that such reporting would be useful for the financial markets and the economy more generally. Non-IBC corporate respondents scored very nearly as highly on the same questions. Two-thirds of all companies polled, both IBC and non-IBC, said they are willing and able to report on the core metrics and disclosures in their mainstream annual reports.

Among investors who responded to the online survey, a clear majority agreed that corporate reporting on a set of universal, industry-agnostic ESG metrics and disclosures would be useful for them. They were strongly supportive of the project's objectives – to streamline ESG reporting; foster transparency, consistency and comparability; and catalyse a systemic solution that integrates financial and ESG reporting. Nevertheless, almost all investors strongly favoured companies also reporting on material industry- and company-specific metrics. Most indicated that the ESG information presented by companies should be assured and included in the annual report.

In response to requests during the consultation process, this report now includes a Glossary providing definitions of terms used in the metrics and disclosures. Meanwhile, both companies and investors raised the need to explore and articulate a number of cross-pillar issues more clearly, including pillar linkages, the definition of materiality, challenges in reporting the full set of metrics, the direction of travel from core to expanded metrics, and the need for more contextual commentary to complement the quantitative data reported. These issues are addressed more fully in the section of this paper entitled Application of Recommended Metrics.

Key changes resulting from consultation

Of the original core metrics, 17 were revised to provide sharper focus and more precise disclosures.

Metrics in the Governance pillar saw greater emphasis placed on the economic, environmental and social focus; and the expanded metric on the process for engaging stakeholders was dropped as a separate metric and incorporated into the core set.

In the Planet pillar, the metric on implementing the recommendations of the Task Force on Climate-related Financial Disclosures (previously TCFD-aligned reporting) was moved from the expanded to the core set of metrics; and a new expanded metric on land use and ecological sensitivity was added. In the People pillar, the diversity core metric was modified to reflect the heightened importance of additional indicators beyond gender; and a new expanded metric on pay gap was added.

In the Prosperity pillar, the country-by-country tax core metric was replaced with a total tax paid metric, to better reflect the full contribution to public finances made by a corporation. The community investment indicator was dropped as a core metric and incorporated into the economic contribution metric. Two expanded metrics (average wage and net promoter score) were dropped while two new expanded metrics were added (additional tax remitted, and total and additional tax breakdown by country for significant locations). Metrics that featured ratios, particularly in the Prosperity pillar, were updated to reflect the strong preference of investors for quantitative data and absolute values.

The result is 21 core and 34 expanded metrics and disclosures, which the project commends to both IBC members and non-IBC companies for adoption.

The Appendix to this paper contains a full set of all recommended core and expanded metrics organized by pillar, with a clear rationale for each metric, plus additional commentary and advice on reporting against these indicators.

4 Pillar: Principles of Governance

4.1 Introduction

Public understanding of the purpose of a corporation is shifting to focus on long-term value creation and its interdependence with economic, environmental and social impact. This shift creates important implications for the role and meaning of good governance and strategy. Companies are increasingly expected to define their purpose in a way that integrates societal impact (including economic, environmental and social considerations) within the core of their business and to embed their purpose in strategy and operations.[6,7]

Meanwhile, traditional governance principles of agency, accountability and stewardship continue to be vital in ensuring that companies act responsibly to support their own interests, as well as the interests of all their stakeholders.

Governance is foundational to achieving long-term value by aligning and driving both financial and societal performance, as well as by ensuring accountability and building legitimacy with stakeholders. Achieving this alignment requires governance to oversee the setting, monitoring and execution of a company's aspirations with respect to economic, environmental and social impact as part of its purpose and strategy, to navigate risks and embrace opportunities associated with these dimensions over time, and to see that the interests of stakeholders, including shareholders, are protected.

While good governance is important for achieving all of the SDGs, it is highlighted in three of them:

Many corporations using these pillar recommendations will be subject to general governance frameworks based on their country of incorporation or other regulatory requirements; many will also apply an external framework that focuses specifically on environmental, social and governance matters. The Governance pillar establishes foundation-level priorities for reporting that build on such frameworks, but it is not intended to replace them.

4.2 Themes

Across existing reporting frameworks and standards, we have identified five themes that provide high-level concepts and direction relevant to good governance and that enable companies to take a holistic and tailored approach to the information they provide.

Under each theme, we have set out a number of metrics and disclosures. The metrics are quantified and reflect outcomes of governance structures, policies and processes. The disclosures also reflect specific outcomes but do so by calling on companies to explain how governance has been applied in the relevant area.

In all cases, if the governance frameworks that companies use do not themselves call for an explanation of the role of the management or board (also referred to here as *governance body*) in the areas covered by the five themes, companies are encouraged to provide such information alongside the specific metrics and disclosures, focusing on aspects most relevant to environmental and social matters.

Governing purpose
This theme addresses the extent to which governance drives firms to establish and pursue a positive and clear purpose, and the extent to which corporate purpose guides strategy.

The importance of governing purpose is increasingly recognized. In its report *Principles for Purposeful Business*, the British Academy states: "The purpose of business is to solve the problems of people and planet profitably, and not profit from causing problems."[8] Both the World Economic Forum and the Business Roundtable have affirmed the importance of corporate purpose and creation of long-term value for all stakeholders, including shareholders.[9,10]

We anticipate that this emerging perspective will continue to strengthen, making it increasingly important for companies to demonstrate their commitment to purpose as a measure of good governance and transparency, and as fundamental to long-term value creation.[11]

Quality of governing body
This theme addresses the extent to which the form and function of the governing body are aligned to long-term value creation.

The individuals and structures employed in governing firms have primary influence on the quality of oversight and the decisions made for

sustainable value creation.[12] The majority of reporting frameworks and a number of regulatory bodies require disclosures on the board's composition, qualifications, structure, policies and processes.

There are extensive existing metrics and disclosures on this theme, making it a feasible point of comparison between firms. Emerging indicators focus on whether governing bodies are aligned with long-term value creation, whether corporate performance is being monitored and improved over time, and on associated controls.

Stakeholder engagement
This theme addresses the nature of engagement with material stakeholders, including the processes in place to understand stakeholders' key concerns and the company's impact on them.

Stakeholder engagement is important for guiding governing bodies to prioritize long-term value and for holding company boards accountable.[13] Effective stakeholder engagement should ensure a robust process for identifying and selecting relevant stakeholders (e.g. employees, customers, suppliers, local communities and shareholders) and for proactively soliciting their input, while outlining the frequency and method of engagement. Such engagement is vital in helping to frame effective, purpose-led strategy, to strengthen accountability for sustainable value creation and to advance trust in corporations.

Ethical behaviour
This theme addresses the extent to which a company is conducting itself ethically, in line with applicable laws and accepted norms for corporate behaviour – a critical component of long-term value creation.

A key principle for good governance is the effective oversight of corporate decision-making to ensure compliance with relevant laws and regulations, as well as meeting stakeholder expectations for ethical behaviour. Stakeholders' increasing interest in societal impact and greater demand for transparency are encouraging firms to go beyond simply "playing by the rules", including by demonstrating how their behaviour is consistent with the firm's broader purpose. For example, expectations of how firms engage in lobbying have moved from staying within the law, to transparent reporting and now to ensuring alignment with the firm's purpose, strategy and stated values.[14]

Establishing and supporting culture, policy and an operating environment that foster ethical behaviour are critical components of good governance and long-term value creation. Consistent monitoring is needed to ensure accountability for ethical behaviour. Particular attention should be paid to issues that may compromise the firm's ability to operate in a trustworthy way with stakeholders, including shareholders.

Risk and opportunity oversight
This theme addresses the extent to which governance oversees the effective identification and management of strategic risks and opportunities.

Risk management is a critical aspect of good governance, requiring oversight of the effectiveness of the enterprise risk management system (or its equivalent) and incorporating its outputs into corporate strategy. However, opportunities must also be considered. Explicitly incorporating the risks *and* opportunities associated with economic, environmental and social topics into the firm's governance and related processes is essential for prioritizing and addressing these issues over time, and for long-term value creation.

Important issues that represent critical risks and opportunities for all firms include climate change and data stewardship. Climate change and related environmental impacts affect long-term value creation for all companies, and the associated risks and opportunities should be addressed.

Data stewardship is also a critical area. As outlined by the World Economic Forum's recent report, *Integrated Corporate Governance*, data stewardship priorities may include "cybersecurity, the use and governance of artificial intelligence and machine learning, and privacy and data ownership issues associated with data collection, management and use."[15]

The consequences of data loss or system failure can be material, even existential, and the pace of technological change in the Fourth Industrial Revolution suggests that boards should engage earlier in overseeing these types of emerging risks and opportunities.

Rationales and additional commentary
Each of the following metrics comes with a rationale for inclusion and additional commentary. To access this information, click on the hyperlink within each metric title of the digital version of this document, or refer to the Appendix where the full set of core and expanded metrics and disclosures is presented with supporting rationales, commentary and guidance on reporting.

Principles of Governance: Core metrics and disclosures

TABLE **Principles of Governance: Core metrics and disclosures**

Theme	Governance: Core metrics and disclosures	Sources
Governing purpose	Setting purpose The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	The British Academy and Colin Mayer, GRI 102-26, Embankment Project for Inclusive Capitalism (EPIC) and others
Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	GRI 102-22, GRI 405-1a, IR 4B
Stakeholder engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	GRI 102-21, GRI 102-43, GRI 102-47
Ethical behaviour	Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	GRI 205-2, GRI 205-3
	Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	GRI 102-17
Risk and opportunity oversight	Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	EPIC, GRI 102-15, World Economic Forum Integrated Corporate Governance, IR 4D

TABLE **Principles of Governance Governance: Expanded metrics and disclosures**

Principles of Governance: Expanded metrics and disclosures

Theme	Governance: Expanded metrics and disclosures	Sources
Governing purpose	Purpose-led management How the company's stated purpose is embedded in company strategies, policies and goals.	GRI 102-26
Quality of governing body	Progress against strategic milestones Disclosure of the material strategic economic, environmental and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.	EPIC
	Remuneration 1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: – Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares – Sign-on bonuses or recruitment incentive payments – Termination payments – Clawbacks – Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees	GRI 102-35
Ethical behaviour	Alignment of strategy and policies to lobbying The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.	GRI 415: Public Policy 2016
	Monetary losses from unethical behaviour Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.	SASB 510a.1
Risk and opportunity oversight	Economic, environmental and social topics in capital allocation framework How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.	CDSB REQ-02

5 Pillar Planet

5.1 Introduction

Businesses depend on and impact the natural environment in myriad ways, through their operations and supply chains and through the ways their products and services are used. Business dependencies on the environment need to be managed effectively to ensure business continuity. Business impacts on the environment can result in significant societal harm and the response to these impacts by customers, regulators and other stakeholders can create material business risks and opportunities.

As the visibility of business impacts on the planet grows and expectations of corporate responsibility extend along the value chain, the business risk associated with failing to demonstrate a good understanding of and response to environmental impacts is amplified.

In the absence of companies reporting effectively on their environmental impacts and framing the associated narrative, it is increasingly easy and common for third parties to fill the void of information with potentially spurious estimates and a damaging narrative of their own. This provides a clear business case for firms to report on material environmental impacts at a value chain level, alongside targets that are guided by science and clear plans to reduce negative impacts and increase positive contributions.

To understand the relevance of environmental impacts to long-term value creation and indeed to basic commercial viability, it is important to consider those impacts along the full value chain (or life cycle) of products or services. Often, individual businesses – for example, those in resource extraction, product manufacturing or retail sales – operate in a small section of the overall value chain. But they rely on the commercial viability of upstream and downstream links in the value chain to sustain their own commercial success.

Consider the manufacturing of diesel vehicles. The negative impact of emissions from the company's production facilities (typically under 10% of value chain emissions) wouldn't be enough to threaten the viability of its business model. But the emissions produced by the vehicles it sells (approximately 90% of value chain emissions) create precisely that kind of threat.

Similar situations arise in many value chains. So it is both advisable – and now increasingly common – for companies and their investors to understand and report on the environmental impacts associated with any upstream and downstream activities, in order to know whether such impacts present a threat or provide a boost to their prospects for long-term value creation.

Guidance on corporate reporting for established themes, including climate change and freshwater, has been formalized in standards for some time. However, equally pressing issues – such as nature loss, plastic waste, resource circularity and excess nutrients – have rapidly risen to prominence in scientific fora and public debate but are (as yet) far less well-represented in formal reporting standards. For this reason, the expanded planet metrics include a small number of promising emerging metrics that we encourage businesses to measure and report on. Doing so will provide new, relevant information to managers, investors and other stakeholders, and will contribute to advancing the measurement and management of critical environmental issues.

Companies have long understood that reporting simple output metrics (e.g. tonnes of air pollutants) is insufficient on its own, if the goal is to understand the actual impacts on the planet and society associated with these outputs. For example, the same volume of air pollution emissions will adversely affect the health of more people in a densely populated city than in a rural area. Simply reporting the pollution output would tell us relatively little about the true impacts of a business or the effectiveness of its efforts to reduce those impacts.

Fortunately, genuine environmental impact measurement, valuation and reporting are rapidly maturing and are now performed routinely and at scale by a growing number of major businesses. Leading practice environmental impact reporting uses monetized estimates of impact that incorporate relevant contextual information (such as the population density where air pollution occurs), in addition to reporting conventional output metrics. This, in turn, improves the decision-useful information available to managers, investors and other stakeholders. Recent progress in this area includes publication of the Natural Capital Protocol,[16] which provides a standardized framework for the identification, measurement, and valuation of impacts and dependencies on natural capital; an ISO Standard[17] (ISO 14008) covering the monetary valuation of environmental impacts and related environmental aspects; and the launch of the Value Balancing Alliance,[18] a business-led initiative to create a global impact measurement and valuation standard that will be freely available to all companies. We encourage all businesses to engage with these important advances in the effective measurement and management of environmental impacts.

Six SDGs are particularly relevant to corporate environmental disclosures:

5.2 Themes

Across existing reporting frameworks and standards, we identified seven environmental themes of particular significance to the planet, society and business.

Climate change
A stable climate has been a critical factor in the growth and advancement of human societies. The build-up of greenhouse gases (GHGs) in the atmosphere as a result of anthropogenic emissions is changing our climate at a rate never before seen. Failure to mitigate runaway climate change presents an existential threat to human civilization.

Nature loss
Nature underpins our economies and societies. A 2020 report by the World Economic Forum and PwC concluded that $44 trillion of economic value generation[19] – over half of the world's total GDP – is moderately or highly dependent on nature and the services it provides. The ongoing destruction of biodiversity worldwide and the consequent loss of nature's many benefits to people – including protection from floods and storms, regulation of climate and water resources, pollination of crops, as well as aesthetic enjoyment and spiritual enrichment – present material risks to businesses and a major threat to future living standards and overall human well-being. Reflecting the severity and global scale of the problem, "biosphere integrity" (specifically the rate of biodiversity loss) is among two of the nine planetary boundaries[20] deemed to have been breached.

Freshwater availability
Freshwater is essential to the progress of human societies – it is required for a healthy environment and a thriving economy. Food production, electricity generation and manufacturing, among other things, all depend on it. Access to water for drinking and sanitation is a basic human right. However, in water-scarce parts of the world with poor water infrastructure, this human right is frequently not met.

Air pollution
Localized air pollution, in the form of fine particulate matter and oxides of sulphur and nitrogen, is a leading cause of ill-health and premature death around the world.

Water pollution
Harmful water pollutants include a wide array of toxic chemicals, heavy metals, hydrocarbons, waterborne pathogens, suspended solids and even heat. Perhaps the most widespread and systemic impacts, however, come from excess nutrients – primarily nitrogen, phosphorus and potassium – used in agriculture. Keeping nitrogen, phosphorus and potassium cycles in balance is critical to the effective functioning of ecosystems. Current agricultural practices have pushed bioavailable levels of nitrogen, phosphorus and potassium far beyond sustainable thresholds in many parts of the world, leading to freshwater and oceanic dead zones and a host of other ecological and public health issues. Reflecting the severity and global scale of the problem, "Biogeochemical flows" (of nitrogen and phosphorous) is one of two of the nine planetary boundaries[21] deemed to have been breached.

Solid waste
All waste matters to some extent, particularly because of the resources that are lost when it is disposed of. The disposal-related impacts of well-managed waste streams are typically modest, regardless of the material. However, the negative impacts of poorly managed or unmanaged waste can be significant, especially if the materials are not readily biodegradable. Single-use plastics (generally lightweight, disposable items such as plastic packaging, cups, food containers, cutlery, plates, straws and bags) are among the most widespread and problematic of waste streams. The prevalence of single-use plastics, combined with poor waste management in many parts of the world, has led to extensive littering of the land and oceans and significant ecological harm.

Resource availability
In the long run, genuine sustainability requires us to achieve far greater levels of re-use (circularity) of non-renewable resources and sustainable consumption of renewable resources throughout our economies. The transition to a more circular economy presents a range of opportunities and risks for businesses.

Rationales and additional commentary
Each of the following metrics comes with a rationale for inclusion and additional commentary. To access this information, click on the hyperlink within each metric title of the digital version of this document, or refer to the Appendix where the full set of core and expanded metrics and disclosures is presented with supporting rationales, commentary and guidance on reporting.

Planet: Core metrics and disclosures

TABLE **Planet: Core metrics and disclosures**

Theme	Planet: Core metrics and disclosures	Sources
Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	GRI 305:1-3, TCFD, GHG Protocol
	TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Recommendations of the TCFD; CDSB R01, R02, R03, R04 and R06; SASB 110; Science Based Targets initiative
Nature loss	Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	GRI 304-1
Freshwater availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	SASB CG-HP-140a.1, WRI Aqueduct water risk atlas tool

Planet: Expanded metrics and disclosures

TABLE **Planet: Expanded metrics and disclosures**

Theme	Planet: Expanded metrics and disclosures	Sources
Climate change	Paris-aligned GHG emissions targets Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.	Science Based Targets initiative
	Impact of GHG emissions Report wherever material along the value chain (GHG Protocol Scope 1, 2 & 3) the valued impact of greenhouse gas emissions. Disclose the estimate of the societal cost of carbon used and the source or basis for this estimate.	US EPA fact sheet on the Social Cost of Carbon (2016), Natural Capital Protocol (2016), ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance

Planet: Expanded metrics and disclosures

Theme	Planet: Expanded metrics and disclosures	Sources
Nature loss	Land use and ecological sensitivity Report for operations (if applicable) and full supply chain (if material): – Area of land used for the production of basic plant, animal or mineral commodities (e.g. the area of land used for forestry, agriculture or mining activities). – Year-on-year change in the area of land used for the production of basic plant, animal or mineral commodities. Note: Supply-chain figures can initially be estimated where necessary based on the mass of each commodity used and the average mass produced per unit of land in different sourcing locations. – Percentage of land area in point 1 above or of total plant, animal and mineral commodity inputs by mass or cost, covered by a sustainability certification standard or formalized sustainable management programme. Disclose the certification standards or description of sustainable management programmes along with the percentage of total land area, mass or cost covered by each certification standard/programme.	New metric
	Impact of land use and conversion Report wherever material along the value chain: the valued impact of use of land and conversion of ecosystems.	Natural Capital Protocol (2016), ISO 14008 Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Freshwater availability	Impact of freshwater consumption and withdrawal Report wherever material along the value chain: the valued impact of freshwater consumption and withdrawal.	Natural Capital Protocol (2016), ISO 14008 Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Air pollution	Air pollution Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions. Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	GRI 305-7
	Impact of air pollution Report wherever material along the value chain: the valued impact of air pollution, including nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions.	Natural Capital Protocol (2016), ISO 14008 Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance

Planet: Expanded metrics and disclosures

Theme	Planet: Expanded metrics and disclosures	Sources
Water pollution	Nutrients Estimate and report wherever material along the value chain: metric tonnes of nitrogen, phosphorous and potassium in fertilizer consumed.	SASB CN0101-11
	Impact of water pollution Report wherever material along the value chain: the valued impact of water pollution, including excess nutrients, heavy metals and other toxins.	Natural Capital Protocol (2016), ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Solid waste	Single-use plastics Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed. Disclose the most significant applications of single-use plastic identified, the quantification approach used and the definition of single-use plastic adopted.	New metric
	Impact of solid waste disposal Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams.	Natural Capital Protocol (2016), ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Resource availability	Resource circularity Report the most appropriate resource circularity metric(s) for the whole company and/or at a product, material or site level as applicable. Potential metrics include (but are not limited to) the Circular Transition Indicators (WBCSD), indicators developed by the Ellen MacArthur Foundation and company developed metrics. Disclose the methodological approach used to calculate the chosen circularity metric(s) and the rationale for the choice of metric(s).	WBCSD Circular Transition Indicators, Ellen MacArthur Foundation

6 Pillar People

6.1 Introduction

We are living in a connected world in which society is increasingly committed to the values of responsible business, sustainable economic development and long-term value creation. Organizations are expected to embrace human rights, by fostering diverse, inclusive workplaces with equal pay for work of equal value and by offering all those with a stake in the firm's value creation the opportunity to thrive and grow.

The UN's 2030 Agenda for Sustainable Development puts people front and centre in declaring: "We are determined to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment." The UN Secretary-General's *Synthesis Report* identifies people as an essential element for delivering on the SDGs, in particular those goals that aim to ensure healthy lives, knowledge and the inclusion of women and children.

People are crucial for every organization: they represent employees, workers, customers, suppliers, distributors, retailers and contractors. People are also the investors and ultimate beneficiaries of providers of capital (e.g. pensioners). Their growth – in knowledge, prosperity and well-being – is central to the success of all organizations and societies. The business case for firms to measure, manage and disclose information on how they ensure an engaged, skilled and healthy workforce across their value chains is compelling. Such a workforce creates both financial and non-financial value that is critical for a company's business performance and competitive advantage, while enabling it to mitigate risks, maintain a licence to operate and strengthen stakeholder relationships.

The unprecedented impact of COVID-19 has triggered massive disruption of businesses and societies, inflicting hardship on workers in both formal and informal sectors across the world. The Black Lives Matter movement has brought renewed attention to the many inequalities faced by people of colour and ethnic minorities. Both these issues are of vital importance to companies as they seek to manage their people in a way that creates long-term value for all stakeholders.

The value of people can be divided into human capital (e.g. individual knowledge, skills, competencies and attributes) and social capital (e.g. networks, shared norms, values and understanding).[22] While achievements related to people are strongly linked to all the SDGs, their importance is specifically highlighted in six goals:

6.2 Themes

We have reviewed an extensive range of metrics across existing reporting frameworks on people-related topics and identified three themes that not only underpin the six SDGs above, but also distinguish meaningful corporate performance and disclosure:

Dignity and equality
In the Universal Declaration of Human Rights, adopted by the UN General Assembly in 1948, the first two articles declare that "all human beings are born free and equal in dignity and rights" and that "everyone is entitled to all the rights and freedoms … without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status."[23]

This theme focuses on providing equitable opportunities to all employees in recruitment and selection, training, development and promotion. These opportunities should remain unaffected by their gender, race, age, ethnicity, ability and sexual orientation, in a workplace where all employees feel valued and respected and receive fair treatment with appropriate compensation and benefits. By embracing diversity and equal opportunities, companies can help integrate under-represented groups and minorities into the labour market, so they become a better reflection of society and also deepen the pool of talent that a more diverse workforce can bring.

Health and well-being
Stakeholders increasingly expect organizations to care for the health of employees and their families and to uphold their rights to adequate physical and mental well-being.

This theme requires organizations to ensure the health, safety, and mental, physical and social well-being of all people in their operations and value chains. Companies need to maintain high labour standards across their value chains by

strengthening relationships and sharing information with customers and suppliers. Some industries, such as mining or chemicals, face a higher inherent risk to physical health and safety than other industries such as financial services, where mental health may be a greater concern. Companies that maintain high standards in health, safety and labour rights can see higher levels of employee productivity and operational efficiency. Working proactively in these areas of the business will help identify and mitigate risks – and it is increasingly required by law.

Skills for the future

Access to skilled workers is a key factor in becoming a successful company. To address the skills-gap challenge, companies must increase investment in training, educating and reskilling their workforce to grasp the opportunities of changing work patterns and workplaces due to new tools and technologies. According to the World Economic Forum, more than half (54%) of all employees will require significant reskilling by 2022, but the problem is likely to be even more acute in specific regions.[24]

Research shows that companies that prioritize their values, create social impact and build a more diverse and inclusive culture are better positioned to boost employee engagement and productivity, and have an advantage in attracting and retaining skilled talent.[25] Today's businesses should aim to equip people with the skills they need to innovate and thereby create jobs and prosperity, measured in both financial and human capital.

Rationales and additional commentary

Each of the following metrics comes with a rationale for inclusion and additional commentary. To access this information, click on the hyperlink within each metric title of the digital version of this document, or refer to the Appendix where the full set of core and expanded metrics and disclosures is presented with supporting rationales, commentary and guidance on reporting.

People: Core metrics and disclosures

TABLE **People: Core metrics and disclosures**

Theme	People: Core metrics and disclosures	Sources
Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	GRI 405-1b
	Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Adapted from GRI 405-2
	Wage level (%) 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	GRI 202-1, Adapted from Dodd-Frank Act, US SEC Regulations
	Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	GRI 408-1b, GRI 409-1a
Health and well-being	Health and safety (%) 1. The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. 2. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	GRI:2018 403-9a&b, GRI:2018 403-6a

Theme	People: Core metrics and disclosures	Sources
Skills for the future	Training provided (#, $) Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	GRI 404-1, SASB HC 101-15

TABLE

People: Expanded metrics and disclosures

People: Expanded metrics and disclosures

Theme	People: Expanded metrics and disclosures	Sources
Dignity and equality	Pay gap (%, #) 1. Mean pay gap of basic salary and remuneration of full-time relevant employees based on gender (women to men) and indicators of diversity (e.g. BAME to non-BAME) at a company level or by significant location of operation. 2. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Adapted from UK Government guidance on gender and ethnicity pay gap reporting,[26] GRI 102-38
	Discrimination and harassment incidents (#) and the total amount of monetary losses ($) Number of discrimination and harassment incidents, status of the incidents and actions taken, and the total amount of monetary losses as a result of legal proceedings associated with: a) law violations; and b) employment discrimination.	GRI 406-1, Adapted from SASB FR-310a.4
	Freedom of association and collective bargaining at risk (%) 1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.	SASB CN0401-17, GRI 407-1, WDI 7.2
	Human rights review, grievance impact & modern slavery (#, %) 1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	GRI 412-1, UN Guiding Principles, GRI 408-1a, Adapted from GRI 408-1a and GRI 409-1, WDI 7.5
	Living wage (%) Current wages against the living wage for employees and contractors in states and localities where the company is operating.	MIT Living Wage Tool, EPIC

People: Expanded metrics and disclosures

People: Expanded metrics and disclosures

Theme	People: Expanded metrics and disclosures	Sources
Health and well-being	Monetized impacts of work-related incidents on organization (#, $) By multiplying the number and type of occupational incidents by the direct costs for employees, employers per incident (including actions and/or fines from regulators, property damage, healthcare costs, compensation costs to employees).	Adapted indicator based on European Commission, Safe Work Australia
	Employee well-being (#, %) 1. The number of fatalities as a result of work-related ill-health, recordable work-related ill-health injuries, and the main types of work-related ill-health for all employees and workers. 2. a) Percentage of employees participating in "best practice" health and well-being programmes, and b) Absentee rate (AR) of all employees.	GRI:2018 403-10a&b, EPIC, Adapted from GRI:2016 403-2a
Skills for the future	Number of unfilled skilled positions (#, %) 1. Number of unfilled skilled positions (#). 2. Percentage of unfilled skilled positions for which the company will hire unskilled candidates and train them (%).	WBCSD Measuring Impact Framework Methodology Version 1.0 (2008)
	Monetized impacts of training – Increased earning capacity as a result of training intervention (%, $) 1. Investment in training as a percentage (%) of payroll. 2. Effectiveness of the training and development through increased revenue, productivity gains, employee engagement and/or internal hire rates.	Adapted from OECD,[27] [28] WDI 5.5

7 Pillar Prosperity

7.1 Introduction

The UN's 2030 Agenda for Sustainable Development identifies prosperity as an area of critical importance: "We are determined to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature." The UN Secretary-General's *Synthesis Report* acknowledges that prosperity is an essential element in delivering on the SDGs and defines it as growing "a strong, inclusive and transformative economy".

The report links prosperity with dignity and the fight to end poverty and inequality, describing it in terms of:

- Economic growth, built upon decent employment, sustainable livelihoods, rising real incomes, social protection and access to financial services for all people
- Innovation and transforming business models to create shared value, including investments in sustainable and resilient infrastructure, settlements, industrialization, SMEs, energy and technology
- Shared prosperity and equitable growth, based on sustainable production and consumption

These core features of prosperity are related to the following SDGs:

Businesses have impacts on, and benefit from, economic and social prosperity in myriad ways and it is widely recognized that businesses cannot succeed in a failing society.[29] Furthermore, a company's value is increasingly reflected in the off-balance sheet intangible assets and value drivers associated with economic and social prosperity.

Most businesses, however, are not fully capturing these intangible assets and value drivers. By measuring and reporting on aspects of prosperity more holistically, companies and their stakeholders can become better informed to protect and enhance assets that contribute to sustainable value creation and to society and the SDGs.

Long-term value creation is critical for business performance, competitive advantage, mitigating risk and strengthening stakeholder relationships. But it is not only enlightened self-interest, it also helps companies to measure and demonstrate how they are contributing to society and the SDGs. Even when there is not yet a direct link between the SDGs and financial performance, stakeholders have indicated that reporting on these metrics is important for sustainable value creation.

7.2 Themes

To demonstrate commitment to building strong, transformative and inclusive economies for the long term, in line with the SDGs, we identified three interrelated themes from the existing reporting standards and framework landscape that help to distinguish the most important aspects of prosperity:

Employment and wealth generation
Companies can and should create significant economic value for employees, shareholders and wider society through job creation and investing in the productive capacity of the economy. The economic crisis due to the COVID-19 pandemic is expected to push millions of people (especially vulnerable groups) into poverty and could slow progress towards the poverty reduction targets set by the UN.

Job creation, employee retention and investments in society are key to addressing this risk. These investments contribute to better living standards and wealth creation in the long term. Strong economic prosperity drives a more educated workforce and higher workforce productivity, as well as greater buying power for the company's customer base.

Innovation of better products and services
Through innovation, companies can and should contribute to the creation of better products and services that respond to customers' changing needs and desires, creating both economic and social value for customers. Companies have an important role to play in creating and commercializing solutions to challenging, complex issues, especially breakthroughs related to the environment (e.g. sustainable supply chains and products).

Innovation will be a vital factor in delivering on the SDGs. A company's ability to innovate can make the difference between its long-term survival or failure. Transformative growth through innovation drives the development of new products and services, enhances competitive advantage and brand reputation and may create operational and cost efficiencies. Innovation efforts have the potential to create both positive and negative impacts on the planet and its people, providing further rationale for companies to measure and report on those impacts.

Community and social vitality

During 2020, the world experienced a global pandemic and social unrest driven by issues of racial injustice, highlighted by the Black Lives Matter movement. This, in turn, has highlighted the critical contribution that companies can make to long-term value creation and a healthy, diverse, prosperous society. Companies contribute resources that can and should support the social fabric and vitality of the communities in which they operate, directly in the case of investment in communities and indirectly through taxes paid to help finance government services for those communities.

More equitable and inclusive economies reinforce the social licence of businesses to operate, strengthen workforce talent pools, enlarge the customer base and its buying power and enhance supplier relationships and partnerships in the communities in which companies operate.

Rationales and additional commentary

Each of the following metrics comes with a rationale for inclusion and additional commentary. To access this information, click on the hyperlink within each metric title of the digital version of this document, or refer to the Appendix where the full set of core and expanded metrics and disclosures is presented with supporting rationales, commentary and guidance on reporting.

Prosperity: Core metrics and disclosures

TABLE **Prosperity: Core metrics and disclosures**

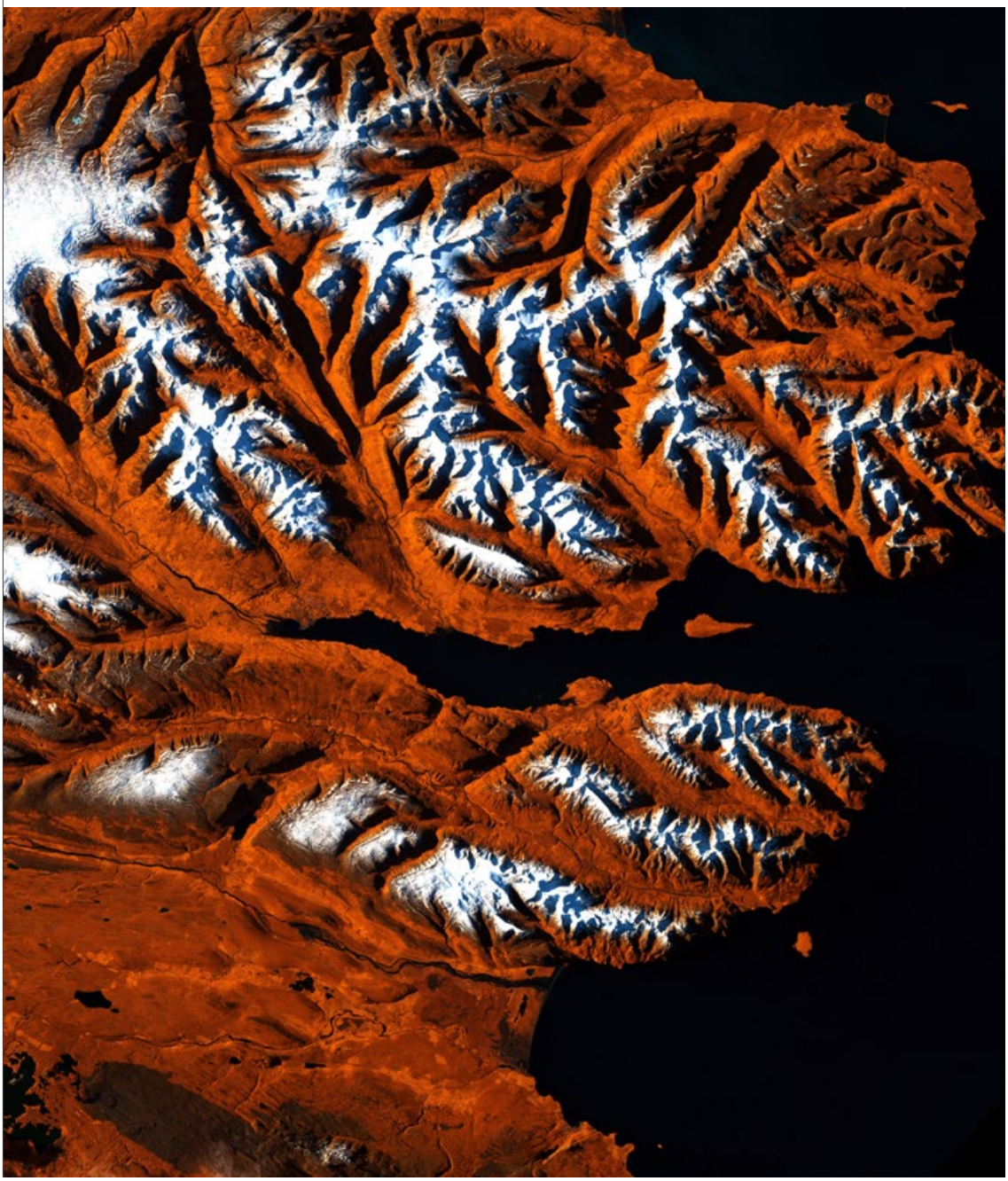
Theme	Prosperity: Core metrics and disclosures	Sources
Employment and wealth generation	Absolute number and rate of employment Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Adapted, to include other indicators of diversity, from GRI 401-1a&b
	Economic contribution 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	GRI 201-1, GRI 201-4
	Financial investment contribution Total capital expenditures (CapEx) *minus* depreciation, supported by narrative to describe the company's investment strategy. Share buybacks *plus* dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	As referenced in IAS 7 and US GAAP ASC 230
Innovation of better products and services	Total R&D expenses ($) Total costs related to research and development.	US GAAP ASC 730
Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Adapted from GRI 201-1

TABLE **Prosperity: Expanded metrics and disclosures**

Prosperity: Expanded metrics and disclosures

Theme	Prosperity: Expanded metrics and disclosures	Sources
Employment and wealth generation	Infrastructure investments and services supported Qualitative disclosure to describe the below components: 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements.	GRI 203-1
	Significant indirect economic impacts 1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas).	GRI 203-2
Innovation of better products and services	Social value generated (%) Percentage of revenue from products and services designed to deliver specific social benefits or to address specific sustainability challenges.	Adapted from GRI (FiFS7 + FiFS8) and SASB FN0102-16.a, EPIC
	Vitality Index Percentage of gross revenue from product lines added in last three (or five) years calculated as the sales from products that have been launched in the past three (or five) years divided by total sales, supported by narrative that describes how the company innovates to address specific sustainability challenges.	Adapted from OECD Oslo Manual Section 8.3.1
Community and social vitality	Total Social Investment ($) Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECP Valuation Guidance.	CECP Valuation Guidance
	Additional tax remitted The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes that are remitted by the company on behalf of customers or employees, by category of taxes.	Adapted from GRI 201-1
	Total tax paid by country for significant locations Total tax paid and, if reported, additional tax remitted, by country for significant locations.	Adapted from GRI 201-1

8 How our work fits into the wider ecosystem



8.1 Evolving landscape

The past 12 months have seen considerable movement among standard-setters, investors and authorities in the ESG space. Investors and pension funds are taking a keen interest in a more harmonized reporting system for sustainability and ESG impacts. Regulators are looking at how to mandate reporting in this space. Leading framework- and standard-setters have started working together in an unprecedented way. There is gathering momentum for the changes the IBC project seeks to make. Recent initiatives of note include the following:

The European Commission announced its Green Deal, a set of policy initiatives and green investments to make Europe carbon-neutral by 2050. It has launched a review of the EU's Non-Financial Reporting Directive (NFRD), with a focus on "double materiality" (the materiality of environmental and social impacts on companies' finances, as well as the materiality of companies' impacts on people and planet). The Commission plans to announce the proposed revised NFRD in Q1 2021. The Commission has also requested the European Financial Reporting Advisory Group (EFRAG) to set up a task force to make recommendations on potential European non-financial reporting standards, to deliver a first standard or set of draft standards by June 2022.

The US **Securities and Exchange Commission (SEC**) amended its business disclosure rules in August 2020 to enhance the focus on human capital disclosures, which in their words "can be an important driver of long-term value"

The International Organization of Securities Commissions (IOSCO), whose members regulate more than 95% of the world's securities markets, has established a board-level task force to harmonize the wide range of different sustainability standards and disclosures into "a more cohesive, more transparent and … more standardised form",[30] as well as to facilitate the development of a globally accepted solution, similar to the role it played in the development of the IFRS.

Voluntary framework- and standard-setters have intensified their own convergence efforts since publication of the IBC Consultation Draft in January. The five leading institutions – CDP, CDSB, GRI, IIRC and SASB – prepared a presentation for the IBC Summer Meeting in August 2020, followed shortly afterwards by a collective statement of intent,[31] articulating their joint vision and commitment to work together and with other stakeholders towards building the more integrated, international corporate reporting system that is advocated by the IBC and other interested parties. They acknowledged the strong role business is already playing to catalyse a systemic solution and committed to continue engaging with the World Economic Forum / IBC initiative.

The trustees of the IFRS Foundation, whose financial reporting standards are mandatory in 144 jurisdictions, agreed in June to consult on the Foundation broadening its mandate and including another standard-setter focused on sustainability issues under their umbrella.

Accountancy Europe, in its Cogito thought-leadership series, proposes a new global corporate reporting structure, with the creation of an International Non-financial reporting Standards Board (INSB) to sit alongside the existing International Accounting Standards Board (IASB), under the auspices of the IFRS Foundation or an alternative monitoring body. This approach has been mirrored by calls from the **International Federation of Accountants (IFAC)** for the creation of an International Sustainability Standards Board to sit alongside the IASB under the IFRS Foundation. IFAC recommends a "building blocks" approach, leveraging the expertise and disclosure requirements of the CDP, CDSB, GRI, IIRC and SASB.

8.2 How our work seeks to help

This project seeks to engage with key players in the ecosystem to catalyse progress towards a systemic solution for ESG reporting. It has the potential to stimulate further progress on three levels:

Corporate: Through leading by doing, the IBC can build a coalition of influential companies committed to high-quality, consistent and comparable reporting on economic, environmental and social factors related to sustainable value creation.

Standard-setter: The IBC Stakeholder Capitalism Metrics project has already contributed to the momentum among voluntary framework- and standard-setters to strengthen their alignment and interoperability in the interests of creating a more coherent, global sustainability reporting ecosystem. The IBC community and the World Economic Forum's platform more generally have the profile and convening capacity to further encourage such market-based cooperation as well as commend it to the attention of governmental authorities around the world.

Regulatory: In the next few years, enhanced mandatory reporting on social and environmental impacts seems likely, starting in Europe. This project offers companies the chance not only to get ahead of that regulation, but also to influence its development. By building a critical mass of comparable reporting by large companies at the universal and strategic level around the world on material ESG considerations, the IBC can help to demonstrate that a globally coordinated approach to a priority set of metrics and disclosures is both feasible and in the interests of promoting long-termism for corporations, investors and other stakeholders.

9 Conclusion

The past 12 months have seen impressive progress. From a standing start, the project has developed a set of 21 core metrics and disclosures and 34 expanded indicators to help companies more consistently measure and report progress towards shared economic, environmental and social objectives. The metrics are deliberately universal and industry-agnostic, to create the comparability across sectors and geographies that currently eludes ESG reporting. They are built from existing metrics, to accelerate the convergence of the ecosystem towards a global solution for ESG reporting that is as rigorous and widely accepted as the standards for financial reporting.

We know that every company is at a different stage in terms of reporting ESG factors material to its own business model. Our hope is that these recommended metrics and disclosures will enable each company to provide the narrative and the numbers that its investors and stakeholders need to track that corporate journey towards sustainable value creation.

The initiative has won strong support from the 160-plus companies and investors canvassed during the project's consultation phase. None of this could have been achieved without the outstanding contributions of the Big Four accountancy firms – Deloitte, EY, KPMG and PwC – under the chairmanship of the IBC by Bank of America's CEO, Brian Moynihan.

The ecosystem is buzzing with activity. The EU is revising its Non-Financial Reporting Directive, which seems likely to lead to more mandatory reporting on sustainability. IOSCO is looking at how to harmonize financial and sustainability reporting. The IFRS Foundation will soon begin formal consultations into broadening its mandate to embrace sustainability issues. The five principal framework- and standard-setters (CDP, CDSB, GRI, IIRC and SASB) have, for the first time, issued a shared statement of intent to work – with the Forum/IBC initiative and other interested parties – towards a comprehensive corporate reporting system that integrates sustainability reporting with mainstream financial disclosures.

The IBC Summer Meeting in August 2020 heard from investors on their conviction that a core focus on ESG leads to improved corporate governance, more engaged employees and higher rates of return. Investors believe it is more important than ever to society, consumers, employees and shareholders that companies deliver prosperity in a way that respects people and the planet. This is no longer seen as a selfless crusade, it is at the core of sustainable value creation.

There is clearly substantial momentum building for the changes this project seeks to realize. IBC members now have a unique opportunity to lead the way as a group, by reporting against the recommended metrics and disclosures at the earliest opportunity and by encouraging non-IBC companies to do likewise.

Given the urgency of this agenda, we invite all IBC members to declare their intention to report on these metrics and disclosures; collectively, we will present a timeline for that process at the IBC's Winter Meeting in January 2021. Finally, we encourage the wider corporate community to join us in this collective endeavour.

Through adopting these indicators, the corporate sector can demonstrate to standard-setters, investors, regulators, governments and others that it has converged on a set of decision-useful sustainability metrics that could form the foundation of a market-based, global set of ESG accounting standards.

Engaging in this process will enable companies to report in a more consistent and comparable way on their shared value creation, to build trust among stakeholders and shareholders, and to demonstrate that stakeholder capitalism can be a force for good both in society and for the planet.

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Appendix

Introduction

The purpose of this Appendix is to provide a full set of the recommended core and expanded metrics and disclosures for each of the four pillars in one place. Beneath each metric is a rationale, explaining why that indicator has been chosen, plus additional commentary on that metric and disclosure. For definitions of all key terms used in these metrics, refer to the Glossary at the end of this Appendix.

Pillar 1 – Principles of Governance

Summary of key changes

Strengthening purpose
This iteration of metrics and disclosures features a strengthened version of core and expanded disclosures relating to the governing purpose theme, reflecting broad-based feedback from both reporting organizations and investors. The word "societal" has been replaced with "economic, environmental and social issues" to enhance clarity, while a new expanded metric evaluates how a company's purpose is embedded in core aspects of its business to address stated concerns about "greenwashing".

Economic, environmental and social
The metrics and disclosures under Principles of Governance have been developed to ensure corporate governance incorporates oversight of the link between a company, broader sustainable development or the UN's Sustainable Development Goals (SDGs), and long-term value creation. To make this explicit, the chosen metrics and disclosures now repeatedly specify a focus on "economic, environmental and social" topics (the three dimensions of sustainable development as defined by GRI).

Accommodation of legal concerns
This version of metrics and disclosures accommodates concerns about exposure to litigation risk stemming from disclosure of certain information, such as confidential information. Where relevant, requests for supporting disclosures have been added to give companies greater latitude to tell a qualitative story alongside (or in lieu of) quantitative metrics. These concerns can also be addressed by the overarching principle of "disclose or explain" as detailed in this paper.

TABLE

Governance: Core metrics and disclosures

Theme	Governance: Core metrics and disclosures	Sources
Governing purpose	Setting purpose The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	The British Academy and Colin Mayer, GRI 102-26, EPIC and others
Rationale Oversight of a company's chosen priorities in terms of economic, environmental and social issues requires a clear understanding and articulation of the firm's purpose. The more that firms can link their purpose and core business, the better they can deliver long-term value for all stakeholders, including shareholders.		
Additional commentary There is emerging evidence that purpose-led firms outperform their peers in terms of shareholder value[32] and are better positioned to account for and deliver economic, environmental and social value. This disclosure calls for the articulation of the output of a process to formulate and publicize a purpose, providing a useful baseline for whether firms are pursuing purpose or not. This disclosure was selected over alternatives, including measures of investment aligned to purpose and the extent to which culture is aligned to purpose, to reflect the primary need that still exists to comprehensively articulate purpose and its link to economic, environmental and social value and long-term value creation. It is fundamental to purpose-led outcomes, helps establish comparability across businesses and is the essential first step in becoming a purpose-led business. Purpose should define how a company creates value by addressing solutions to economic, environmental and social issues, and ensures that it is not profiting from creating problems in these domains.		

Theme	Governance: Core metrics and disclosures	Sources
Quality of governing body	Governance body composition Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	GRI 102-22, GRI 405-1a, IR 4B

Rationale
The capabilities and perspectives of board members are important for making robust decisions on an ongoing basis. This disclosure captures a variety of important dimensions to composition, going beyond a single metric, and emphasizes competencies relating to economic, environmental and social topics.

Additional commentary
Research examining public companies across Canada, Latin America, the UK and the US has found that companies with higher diversity financially outperform their peers.[33] Crucially, boards that reflect the diversity of their companies' stakeholders are more attuned to their needs and are therefore well-positioned to deliver long-term stakeholder value. This necessitates the inclusion of traditionally under-represented social groups (see Glossary for definition of "under-represented social groups"). Although these groups will vary based on a company's context, it is important to consider racial and ethnic diversity.

This disclosure was chosen on the basis that it captures a breadth of dimensions critical to governance body composition, including competencies related to economic, environmental and social topics. Single measures of governance body composition are insufficient to determine whether a particular corporation has the board fit for its particular needs. Practices for achieving greater diversity of board member backgrounds and capabilities are relatively universal and well-established, and the disclosure is comparatively easy to observe.

Reporting organizations will choose how to report based on materiality, as defined in this paper. Additionally, reporting organizations will need to be mindful of local laws, which can shape or constrain the way the standard cited here as a guideline is implemented. One possible and established way to consider the diversity of skills represented on the governing body is through presentation of board member qualifications, backgrounds and experiences in a "skills matrix".[34]

Stakeholder engagement	Material issues impacting stakeholders A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	GRI 102-21, GRI 102-43, GRI 102-47

Rationale
This disclosure highlights the importance of the relationship between what is material to a firm and to its stakeholders; it captures the output of a process to understand the impact of the company on its stakeholders and the implications for the company.

Additional commentary
As organizations shift to becoming more purpose-led, so too will the definition and understanding of long-term value. The current shareholder-centric view of performance and value is already evolving into a more holistic understanding of an organization's impacts on a broad range of stakeholders. For this shift to have a real impact, an organization needs to understand how its stakeholders are most affected by its decisions and how this affects the business.

Conducting a materiality analysis is a vital step in understanding how an organization impacts its key stakeholders and the implications for the business. It requires a company-specific identification of key stakeholders and engagement with them to determine how they are affected by the company's decisions and actions. Explaining the steps required to undertake a materiality analysis (i.e. listing all identified material topics and detailing how they impact stakeholders and company) and the process to identify and engage with stakeholders helps validate the output.

The concept of materiality, as defined in this paper, guides prioritization, ensuring the disclosure is relevant to stakeholders and the company. This disclosure facilitates board-level oversight of this critical area. It is a means of maintaining accountability to a range of stakeholder groups, helping ensure that organizational impact and long-term value align with the interests of a broad range of stakeholders and provide the foundation for trust in the business. One possible way to disclose material issues impacting stakeholders is through a "materiality matrix".[35]

Theme	Governance: Core metrics and disclosures	Sources
Ethical behaviour	Anti-corruption 1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. 2. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years b) Total number and nature of incidents of corruption confirmed during the current year, related to this year. 3. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	GRI 205-2, GRI 205-3

Rationale
Corruption undermines stakeholder legitimacy and trust; it is linked to misallocation of capital, environmental harm, human exploitation and unethical and illegal behaviour.

Anti-corruption training and investment in initiatives to improve both operating environment and culture develop a company's anti-corruption capabilities. The total number and nature of corruption incidents are a proxy for the effectiveness of a company's overarching anti-corruption culture and capabilities.

Additional commentary
Corporate corruption can thrive where governance is weak. The public expects companies to adhere to ethical business practices. Companies implementing anti-corruption policies and practices contribute directly towards the vision of SDG 16.5 to "substantially reduce corruption and bribery in all their forms", protecting their own long-term value and their contribution to long-term societal value.

Monitoring the number and proportion of new corruption incidents unrelated to previous years, in comparison to incidents related to previous years, provides some insight into changes over time of this effectiveness. These metrics were chosen for their orientation to outcomes and their comparability between companies and over time.

Reporting organizations will need to be mindful of local laws, which can shape or constrain the way the standard cited here as a guideline is implemented.

Ethical behaviour	Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organizational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	GRI 102-17

Rationale
This disclosure focuses on the ongoing ability of a company to both prevent and remedy ethical issues.

Additional commentary
This disclosure identifies the mechanisms (e.g. whistleblowing procedures) in place to receive input on ethics topics and reports of potential issues, and the ways in which these mechanisms are managed or protected to encourage robust advice and reporting. Protected ethics advice and reporting mechanisms demonstrate an authentic intent by the board and management to explain and promote ethical and legal conduct and prevent unethical or illegal conduct. This disclosure was chosen for its universal applicability and allows for comparison and evaluation of board commitment to the oversight of ethical behaviour.

Without a mechanism for employees and other key stakeholders to ask questions about or to report potential or actual unethical or unlawful behaviour, companies may miss opportunities to identify and mitigate underlying issues. Companies that encourage their stakeholders to provide feedback can respond more quickly to misconduct, build trust with their stakeholders and prevent harm to long-term value.

Theme	Governance: Core metrics and disclosures	Sources
Risk and opportunity oversight	Integrating risk and opportunity into business process Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	EPIC, GRI 102-15, World Economic Forum Integrated Corporate Governance, IR 4D

Rationale
This disclosure focuses on company-specific risks and opportunities, the onus on the board to oversee management of those risks and opportunities, and the corporate response over time as they change; it provides broad, management- and board-centred insight.

Additional commentary
A clear understanding and synthesis of corporate appetite, board oversight and management's enterprise risk management systems in relation to key emerging risks and opportunities (specifically those related to economic, environmental and social issues) is fundamental to long-term value creation. This disclosure was selected on the basis that it acknowledges the requirement for the board to be directly involved with management in understanding and reacting to material risks and opportunities and the need to observe how the board and management adapt their positions over time.

This disclosure acknowledges traditional risk management and the need for boards and management to look beyond risks to the opportunities provided to the business by emerging issues, and specifically those related to economic, environmental and social issues.

Climate change and data stewardship are critical aspects of this disclosure, as they affect long-term value for almost all companies, but are typically under-reported. As noted by the World Business Council for Sustainable Development (WBCSD), "in a time of climate emergency, it's important for businesses to…consider the transformational changes and associated transition risks needed to achieve climate resilience".[36] Data stewardship is also critical for most companies. It includes responsibility for personal data, as well as the use and governance of artificial intelligence and cybersecurity. The financial and reputational impact when companies fail to consider data stewardship can be substantial.[37]

TABLE

Governance: Expanded metrics and disclosures

Theme	Governance: Expanded metrics and disclosures	Sources
Governing purpose	Purpose-led management How the company's stated purpose is embedded in company strategies, policies and goals.	GRI 102-26
Rationale Embedding purpose within the company's strategy and policies is necessary to realizing its stated benefits for all stakeholders, including shareholders.		
Additional commentary Providing the opportunity for companies to show how their stated purpose is integrated in the business strengthens the validity of their purpose statements, provides an opportunity to counter claims of "greenwashing" and is a useful indication of a company's long-term value creation potential.		
Quality of governing body	Progress against strategic milestones Disclosure of the material strategic economic, environmental and social milestones expected to be achieved in the following year, such milestones achieved from the previous year, and how those milestones are expected to or have contributed to long-term value.	EPIC
Rationale An outcome-oriented measure of board and management quality, this disclosure focuses on the company's achievement of its stated objectives. This disclosure combines both leading and lagging indicators of the board's oversight and management's ability to set, guide and execute the company's strategy.		
Additional commentary Achievement of strategic milestones in the past year provides a useful proxy of the board's and management's ability to oversee the organization's achievement of its strategic objectives, including purpose. Strategic milestones for the year ahead allow stakeholders to more effectively evaluate the quality of decision-making by the board and management and the extent to which that decision-making is consistent with the purpose and objectives of the firm.		
Quality of governing body	Remuneration 1. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental and social topics, as connected to the company's stated purpose, strategy and long-term value. 2. Remuneration policies for the highest governance body and senior executives for the following types of remuneration: – Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses and deferred or vested shares – Sign-on bonuses or recruitment incentive payments – Termination payments – Clawbacks – Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives and all other employees	GRI 102-35
Rationale The incentives provided to board members and senior executives, and the way they are structured, can significantly reinforce or impede long-term value creation. Importantly, this disclosure requires the reporting organization to explicitly address how its approach to remuneration relates to the organization's economic, environmental and social objectives.		
Additional commentary If remuneration is incongruent with long-term objectives, including a combination of commercial and societal value creation, it can undermine the ability of governance bodies to provide effective oversight. This disclosure is an important advanced indicator of board quality, providing detailed insight into the various mechanisms for remuneration and how they are applied. Disclosing how incentives for governing bodies are aligned to long-term value serves as a useful indication of the organization's ability to achieve that value. This level of disclosure provides valuable insight for external stakeholders in evaluating the alignment of different aspects of governance and fosters increased transparency and trust.		

Theme	Governance: Expanded metrics and disclosures	Sources
Ethical behaviour	Alignment of strategy and policies to lobbying The significant issues that are the focus of the company's participation in public policy development and lobbying; the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.	GRI 415: Public Policy 2016
Rationale Consistency between corporate activity related to lobbying and the firm's publicly stated purpose and strategy is a core component of alignment on long-term objectives, which in turn is essential for long-term value creation. Monitoring this consistency is an important element of overall transparency and the authentic pursuit of the company's objectives.		
Additional commentary To create long-term value, corporate behaviour needs to conform to existing norms but also to align with the corporation's long-term objectives, both commercial and societal. This disclosure is a critical advanced indicator of corporate behaviour, by providing insight into the extent to which lobbying and advocacy (an important but potentially damaging area of corporate activity for stakeholders) is not only permissible but aligned to the company's publicly stated objectives and purpose. Reporting organizations will need to be mindful of local laws, which can shape or constrain the way the standard cited here as a guideline is implemented.		
Ethical behaviour	Monetary losses from unethical behaviour Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.	SASB 510a.1
Rationale This metric is a critical advanced indicator of ethical behaviour, focusing on the company's observed behaviour and relying on outside parties (regulators) and a robust formal process (enforcement and the courts) to assess that behaviour. Additionally, measurement in monetary terms facilitates comparison across firms.		
Additional commentary To assess the ethical standing of a company, it is important to monitor the processes in place to foster the right culture and behaviours, as well as the extent to which these processes are adhered to over time. Violations of laws governing corporate behaviour are a useful proxy for assessing this adherence.		
Risk and opportunity oversight	Economic, environmental and social topics in capital allocation framework How the highest governance body considers economic, environmental and social issues when overseeing major capital allocation decisions, such as expenditures, acquisitions and divestments.	CDSB REQ-02
Rationale This disclosure is an important way to gauge the quality of risk and opportunity oversight and the extent to which it incorporates economic, environmental and social considerations. Capital allocation is at the core of any business model and illustrates the company's longer-term priorities; as such it is a leading indicator of long-term value creation.		
Additional commentary Robust governance of both risks and opportunities, with the goal of long-term value creation, must engage with the way those risks and opportunities are embedded in the business.		

Pillar 2 – Planet

We have selected these metrics and disclosures from existing frameworks and standards wherever possible, through multiple consultations with professionals working in this field and by assessing which metrics exhibit the best combination of universality (across industries and firms) and materiality to long-term value creation.

The "core" set reflects metrics and disclosures that relate corporate activities to the most material and pressing environmental issues for society as a whole – climate change, nature loss and the availability of clean, fresh water. Of these, climate change is perhaps the most universally material theme and is certainly the most advanced from the perspective of current corporate reporting. Nature loss will be particularly relevant for companies with facilities in or near sensitive ecological areas, as well as those with significant agricultural operations, supply chains or customers. Freshwater availability will be most material for companies with significant operations, supply chains or markets in water-stressed areas, particularly in developing countries.

The "expanded" set includes three additional common themes – air pollution, water pollution and solid waste – along with a recommendation to report relevant metrics of resource circularity to assess progress towards a circular economy business model. Coverage of all seven themes with individual quantitative metrics is far from comprehensive. For example, additional air pollutants will be material for some companies, there are many more potentially material waste streams, and there are hundreds of individual water pollutants. Only the most commonly material individual metrics are specified in each case, on the assumption that companies will make such additional disclosures as are particularly relevant to their sector and business model.

Further potential impact areas, such as light and noise pollution, radiation and visual disturbance, are left out on the basis that they are likely to be material only in a minority of cases.

In the planet pillar, assessing the materiality of impacts on society associated with a given metric can be a helpful basis for establishing its materiality to long-term value creation for the company. This is because a range of factors, including changes in policy and regulation, and changes in employee, consumer and investor expectations, are leading to a convergence between societal value and financial value. For the core and expanded metrics identified below, a "disclose or explain" approach should be followed on this basis.

Summary of key changes

Climate change
The language around alignment with the Task Force on Climate-related Financial Disclosures (TCFD) was simplified to make clear that we advocate full implementation of the TCFD recommendations, including disclosure in main annual filings in the shortest possible time frame. Language around Scope 3 reporting was also aligned with the language in the TCFD guidance. Language around emissions reduction targets was adjusted to accommodate targets that meet the goals of the Paris Agreement on climate change but do not specifically follow methodologies provided by the Science Based Targets initiative (SBTi), given that approved sectoral SBTi methodologies don't yet exist for all sectors.

The revised language also allows for cases where companies with operations predominantly in least-developed countries wish to align with the Paris Agreement as it applies to those countries (based on Nationally Determined Contributions). For the avoidance of doubt, we nonetheless recommend that all businesses commit to achieve net-zero greenhouse gas (GHG) emissions by 2050 or sooner, and to pursue interim targets based on science.

Nature loss
The recommended core metrics relating to the extent of and year-on-year change in land use in the consultation draft were clarified and moved to the expanded section, on the basis that they are not currently widely reported and will take some time to report on. An additional disclosure was added to the expanded metrics to enable companies to indicate the "quality" of land use.

The global nature crisis is, however, widely considered to be of sufficient importance to society and relevance to business that it should be included among the core themes. A simpler metric addressing another important aspect of pressure on nature was therefore selected after extensive consultation.

Freshwater availability
The definition of water stress was clarified and the metric language was aligned more precisely with an existing disclosure standard.

Air pollution
Reference to sulphur oxides (SOx) and nitrogen oxides (NOx) was added, owing to their material contribution to the adverse impacts of local air pollution.

Water pollution
Language and applicability were clarified and reference to potassium was added.

Solid waste
Language and applicability were clarified alongside acknowledgement that approaches for measuring and disclosing on single-use plastics are still emerging and that companies can make a positive contribution to understanding of the issues by experimenting with measurement and sharing their approach and results.

Resource availability
Language was broadened to allow for a range of potential circularity metrics, acknowledging that metrics are not yet standardized and further experimentation and refinement from leading companies is an urgent priority.

Valued impact metrics
Language and sources were clarified.

TABLE

Planet: Core metrics and disclosures

Theme	Planet: Core metrics and disclosures	Sources
Climate change	Greenhouse gas (GHG) emissions For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	GRI 305:1-3, TCFD, GHG Protocol
Rationale GHG emissions are the primary driver of rising global temperatures and therefore a key focus for policy, regulatory, market and technology responses to limit climate change. As a result, business models associated with significant emissions are likely to be more impacted by risks in the transition to a low-carbon economy. While challenges remain in the accurate quantification of Scope 3 emissions, companies across all major sectors of the economy already report on Scope 3 emissions and, in the context of the transition to a low-carbon economy, material Scope 3 emissions may have a significant bearing on a company's potential for long-term value creation.		
Climate change	TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Recommendations of the TCFD; CDSB R01, R02, R03, R04 and R06; SASB 110; Science Based Targets initiative
Rationale The TCFD recommendations are already established as the primary framework for disclosure of information on the management of climate-related risks and opportunities in main annual filings. Elevating disclosure of metrics relating to people, planet, prosperity and principles of governance into main annual filings is a key objective of this initiative and we therefore lend our full support to broader adoption of the TCFD recommendations. Additionally, we emphasise the importance of GHG emissions targets that are in line with the goals of the Paris Agreement.		

Theme	Planet: Core metrics and disclosures	Sources
Additional commentary The Financial Stability Board established the TCFD because of concerns that companies were not adequately measuring or reporting the financial implications of climate change. TCFD recommends that listed companies disclose these financial impacts as part of their annual financial filings, aligned to the legislative thresholds of financial disclosure. The TCFD has developed recommendations on climate change disclosure in an annually updated, publicly available report which is applicable for all sectors. The recommendations cover climate strategy, governance, risk management and metrics and targets. As part of their risk management, companies must identify and measure the financial implications of their material risks and opportunities under at least two widely recognized climate scenarios. The TCFD also provides a structure to help organizations develop a climate strategy and governance arrangements to mitigate risk and take action on opportunities. The TCFD framework has achieved significant uptake since launch and regulatory momentum is building globally; for example, more than 1,000 global organizations have declared their support for TCFD,[38] the UK Prudential Regulation Authority (PRA) has set out expectations for banks and insurers to report on climate risk, and reporting is now mandatory for signatories to the UN-supported Principles for Responsible Investment network (UNPRI) (responsible for assets of $103 trillion). Financial institutions responsible for assets worth over $139 trillion have already announced their support for TCFD. The framework provides flexibility for setting metrics and targets but recommends that an emissions target is set using the risk analysis under the business's relevant climate scenarios. This supports companies setting meaningful science-based targets in line with achieving net zero. The Climate Disclosure Standards Board (CDSB) and Sustainability Accounting Standards Board (SASB) have produced a joint TCFD Implementation Guide[39] and related set of Good Practices[40] for the reporting of climate-related performance and risk in mainstream corporate reports in line with the TCFD framework. And in 2019, the World Economic Forum issued a set of climate governance principles for boards of directors. Developed in collaboration with PwC, these principles are designed to help increase directors' climate awareness, embed climate issues into board structures and processes, and improve navigation of the risks and opportunities that climate change poses to business.[41]		
Nature loss	Land use and ecological sensitivity Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	GRI 304-1
Rationale KBAs provide a science-based and internationally recognized means of identifying sites contributing significantly to the global persistence of biodiversity, while protected areas indicate nationally (and often internationally) recognized areas of ecological or cultural importance, typically with specific legal protections. Having operations inside or close to such areas indicates heightened risk of adverse impacts on biodiversity and heightened risk of exposure to associated legal or reputational risk.		
Additional commentary This metric will only be applicable to a subset of companies with operations in or adjacent to protected areas or KBAs, but for these companies it is an important indicator of heightened risk of adverse impacts on biodiversity and heightened risk of exposure to associated legal or reputational risk. Alongside this disclosure, companies may wish to share information on the measures in place to ensure effective stewardship of these sites.		

Theme	Planet: Core metrics and disclosures	Sources
Freshwater availability	Water consumption and withdrawal in water-stressed areas Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	SASB CG-HP-140a.1, WRI Aqueduct water risk atlas tool https://www.wri.org/aqueduct
Rationale Water consumption and water withdrawal in water-stressed areas are indicators of the potential for negative societal impacts (resulting from competition with other water users) and associated business risks including the potential for operational disruptions and shutdowns.		
Additional commentary This metric is only likely to be considered material to long-term value creation by a subset of companies with significant water consumption and withdrawal in water-stressed areas. Alongside this disclosure, such companies may wish to disclose the year-on-year change in each figure as well as additional information on their water stewardship approach.		

TABLE

Planet: Expanded metrics and disclosures

Theme	Planet: Expanded metrics and disclosures	Sources
Climate change	Paris-aligned GHG emissions targets Define and report progress against time-bound science-based GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This should include defining a date before 2050 by which you will achieve net-zero greenhouse gas emissions, and interim reduction targets based on the methodologies provided by the Science Based Targets initiative, if applicable. If an alternative approach is taken, disclose the methodology used to calculate the targets and the basis on which they deliver on the goals of the Paris Agreement.	Science Based Targets initiative
Rationale The Paris Agreement on climate change sets a long-term goal to keep the increase in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the increase to 1.5°C, recognizing that this would substantially reduce the risks and impacts of climate change. All actors, including businesses, need to play their part in delivering on this goal if we are to avoid the worst effects of climate change. In June 2020, countries representing more than half of global GDP set or committed to set net-zero-by-2050 targets and more than 900 companies have published science-based targets consistent with the Paris Agreement. As such, defining emissions targets that are at least consistent with meeting the goal of the Paris Agreement is fast becoming the minimum expectation for businesses.		
Climate change	Impact of GHG emissions Report wherever material along the value chain (GHG Protocol Scope 1, 2 & 3) the valued impact of greenhouse gas emissions. Disclose the estimate of the societal cost of carbon used and the source or basis for this estimate.	US EPA fact sheet on the Social Cost of Carbon (2016), Natural Capital Protocol (2016), ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance https://www.value-balancing.com/
Rationale Reporting valued impact in monetary terms provides a meaningful indication of the scale of impacts in units that can be readily understood by executives and compared across impact areas and with financial figures. Valuation of environmental impacts is increasingly recognized as the most efficient and effective way of incorporating as much relevant contextual information as possible to provide estimates of actual impact, rather than simply measures of output as is the case with most quantitative environmental metrics.		

Theme	Planet: Expanded metrics and disclosures	Sources
Nature loss	Land use and ecological sensitivity Report for operations (if applicable) and full supply chain (if material): 1. Area of land used for the production of basic plant, animal or mineral commodities (e.g. the area of land used for forestry, agriculture or mining activities). 2. Year-on-year change in the area of land used for the production of basic plant, animal or mineral commodities. Note: Supply-chain figures can initially be estimated where necessary based on the mass of each commodity used and the average mass produced per unit of land in different sourcing locations. 3. Percentage of land area in point 1 above or of total plant, animal and mineral commodity inputs by mass or cost, covered by a sustainability certification standard or formalized sustainable management programme. Disclose the certification standards or description of sustainable management programmes along with the percentage of total land area, mass or cost covered by each certification standard/programme.	New metric
Rationale Growth in demand for land is the primary underlying driver of new conversions of ecosystems, which is in turn the primary driver of nature loss. The overall area of land used in operations and supply chains reflects the contribution of the current business model to overall demand for land; and the year-on-year change indicates whether the company is currently contributing to increasing or decreasing pressure for new conversions of ecosystems. The proportion covered by a sustainability certification standard or other formalized sustainable management programme is an indicator of how much of the land used is being actively managed for long-term value creation.		
Additional commentary In addition to companies with significant agricultural, forestry or mining operations, this metric is likely to be material to long-term value creation for any companies that rely on a significant volume of inputs from agricultural or forestry systems. Sustainability certification standards or formalized sustainable management programmes are the primary ways to ensure that any land which must be used for production is used in a way that maintains or improves its quality and minimizes any adverse production impacts.		
Nature loss	Impact of land use and conversion Report wherever material along the value chain: the valued impact of use of land and conversion of ecosystems.	Natural Capital Protocol (2016), ISO 14008 Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Rationale Reporting valued impact in monetary terms provides a meaningful indication of the scale of impacts in units that can be readily understood by executives and compared across impact areas and with financial figures. Valuation of environmental impacts is increasingly recognized as the most efficient and effective way of incorporating as much relevant contextual information as possible to provide estimates of actual impact, rather than simply measures of output as is the case with most quantitative environmental metrics.		

Theme	Planet: Expanded metrics and disclosures	Sources
Freshwater availability	Impact of freshwater consumption and withdrawal Report wherever material along the value chain: the valued impact of freshwater consumption and withdrawal.	Natural Capital Protocol (2016), ISO 14008 Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Rationale Reporting valued impact in monetary terms provides a meaningful indication of the scale of impacts in units that can be readily understood by executives and compared across impact areas and with financial figures. Valuation of environmental impacts is increasingly recognized as the most efficient and effective way of incorporating as much relevant contextual information as possible to provide estimates of actual impact, rather than simply measures of output as is the case with most quantitative environmental metrics.		
Air pollution	Air pollution Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions. Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	GRI 305-7
Rationale Localized air pollution, in the form of fine particulate matter and oxides of sulphur and nitrogen, is a leading cause of ill-health and premature death around the world. Emissions in densely populated areas tend to be particularly harmful because they contribute to high ambient concentrations of pollution and affect a large number of people.		
Air pollution	Impact of air pollution Report wherever material along the value chain: the valued impact of air pollution, including nitrogen oxides (NOx), sulphur oxides (SOx), particulate matter and other significant air emissions.	Natural Capital Protocol (2016), ISO 14008 Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Rationale Reporting valued impact in monetary terms provides a meaningful indication of the scale of impacts in units that can be readily understood by executives and compared across impact areas and with financial figures. Valuation of environmental impacts is increasingly recognized as the most efficient and effective way of incorporating as much relevant contextual information as possible to provide estimates of actual impact, rather than simply measures of output as is the case with most quantitative environmental metrics.		

Theme	Planet: Expanded metrics and disclosures	Sources
Water pollution	Nutrients Estimate and report wherever material along the value chain: metric tonnes of nitrogen, phosphorous and potassium in fertilizer consumed.	SASB CN0101-11
Rationale Keeping nitrogen, phosphorus and potassium cycles in balance is critical to the effective functioning of ecosystems. Current agricultural practices have pushed bio-available levels of nitrogen, phosphorus and potassium far beyond sustainable thresholds in many parts of the world, leading to freshwater and oceanic dead zones and a host of other ecological and public health issues. "Biogeochemical flows" (of nitrogen and phosphorous) is one of only two of the nine planetary boundaries[42] that is already deemed to have been breached. As such, all organizations with significant agricultural operations or supply chains are recommended to identify their exposure to this global problem.		
Additional commentary In addition to companies with significant agricultural or forestry operations, this metric is likely to be material to long-term value creation for any companies that rely on a significant volume of inputs from agricultural or forestry systems. Proactive measures to avoid excess nutrients entering the environment are a key aspect of good ecological stewardship and should form part of agreements with agricultural or forestry suppliers. Alongside this disclosure, companies may wish to disclose the year-on-year change in each figure as well as additional information on measures to avoid excess nutrients entering the wider environment, and evidence of their effectiveness.		
Water pollution	Impact of water pollution Report wherever material along the value chain: the valued impact of water pollution, including excess nutrients, heavy metals and other toxins.	Natural Capital Protocol (2016), ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Rationale Reporting valued impact in monetary terms provides a meaningful indication of the scale of impacts in units that can be readily understood by executives and compared across impact areas and with financial figures. Valuation of environmental impacts is increasingly recognized as the most efficient and effective way of incorporating as much relevant contextual information as possible to provide estimates of actual impact, rather than simply measures of output as is the case with most quantitative environmental metrics.		
Solid waste	Single-use plastics Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed. Disclose the most significant applications of single-use plastic identified, the quantification approach used and the definition of single-use plastic adopted.	New metric
Rationale Metrics for reporting on single-use plastics have not yet been standardized, but the global scale of negative impacts associated with their use is sufficient to justify additional investigation of corporate value chains to identify their principal applications and the scale of their use. Experimenting with measurement will help the company understand its exposure to an issue of high public concern, and disclosing the results and approach will help to advance understanding of the issues more widely.		

Theme	Planet: Expanded metrics and disclosures	Sources
Solid waste	Impact of solid waste disposal Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams.	Natural Capital Protocol (2016), ISO 14008: Monetary valuation of environmental impacts and related environmental aspects (2019), Value Balancing Alliance
Rationale Reporting valued impact in monetary terms provides a meaningful indication of the scale of impacts in units that can be readily understood by executives and compared across impact areas and with financial figures. Valuation of environmental impacts is increasingly recognized as the most efficient and effective way of incorporating as much relevant contextual information as possible to provide estimates of actual impact, rather than simply measures of output as is the case with most quantitative environmental metrics.		
Resource availability	Resource circularity Report the most appropriate resource circularity metric(s) for the whole company and/or at a product, material or site level as applicable. Potential metrics include (but are not limited to) the Circular Transition Indicators (WBCSD), indicators developed by the Ellen MacArthur Foundation and company developed metrics. Disclose the methodological approach used to calculate the chosen circularity metric(s) and the rationale for the choice of metric(s).	WBCSD Circular Transition Indicators, Ellen MacArthur Foundation
Rationale Metrics for reporting on resource circularity have not yet been standardized but some promising example metrics have been developed and tested by multiple companies. Applying emerging circularity metrics and disclosing the results will help to progress this fundamentally important area. It also indicates proactive engagement with the risks and opportunities presented by the circular transition and can be used to demonstrate progress towards genuine resource sustainability.		
Additional commentary Example organization-level circularity metrics include the Circular Transition Indicators developed by the WBCSD[43] including percentage of circular inflow and percentage of circular outflow of resources. Circular inflow can be calculated as follows: (weight of renewable inflow + weight of non-virgin inflow / total weight of all inflow) x 100% Circular outflow is calculated as follows, per material flow: ((% recovery potential x % actual recovery) x weight) / total weight of all outflow		

Pillar 3 – People

Summary of key changes

The majority of respondents to the consultation survey ranked all the core metrics as either important or highly important, indicating strong support for the core metrics across all themes (Dignity and equality, Health and well-being, and Skills for the future).

In the core metrics, the principal changes arising from the feedback and other developments were as follows:

– Introduction of CEO pay ratio into wage level metric

– Transfer of the quantitative element of child and forced labour from core metric to expanded metric

– Modification of the health and safety metric to include disclosure of provision of non-occupational medical and healthcare services to workforce

– During the six-month consultation period, the Black Lives Matter movement took hold and it became important to respond by introducing ethnicity into the pay equality metric

In the expanded metrics, the main changes based on the feedback were as follows:

– Introduction of the ratio of the annual total compensation for the highest-paid individual in each country to the median compensation in that country

– As with the core metrics, the expanded set saw the introduction of a pay gap metric based on gender and other indicators of diversity

– The quantitative aspects of human right issues, such as assessments and incidents, have been introduced into the expanded metrics

– The training metric was modified to measure investment level and effectiveness of training rather than number of people trained

In response to feedback received, some additional commentary has been included for both core and expanded metrics and a Glossary of definitions of key terms has been added.

TABLE

People: Core metrics and disclosures

Theme	People: Core metrics and disclosures	Sources
Dignity and equality	Diversity and inclusion (%) Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	GRI 405-1b
Rationale Empowering and promoting social and economic inclusion, irrespective of age, sex, disability, race, ethnicity, origin, religion or other status is an important aspect of good people management. Gender and ethnic/cultural diversity, particularly within executive teams, are closely correlated to both financial and non-financial performance and enhance the stability of companies across the globe. More diverse companies are better able to innovate, attract top talent, improve their customer orientation, enhance employee satisfaction and secure a licence to operate. Inclusion and diversity are likely to become core to an organization's business model in the future. Companies that focus on improving inclusion and diversity in their workforce can reap both tangible and intangible benefits.		
Additional commentary Ethnicity issues have received renewed focus with recent events across the globe, including the Black Lives Matter movement. Reporting on these aspects provides an opportunity to identify disparities within the organization and helps improve the culture across the value chain. The suggested age groups for reporting on this disclosure are: under 30 years old, 30-50 years old and over 50 years old.		
Dignity and equality	Pay equality (%) Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Adapted from GRI 405-2
Rationale Corporate policies promoting pay equality reflect an organization's culture and help companies bridge diversity gaps, attract talent and drive long-term competitiveness. Inclusion and diversity can only be achieved by promoting equal pay and by providing equal remuneration for the same jobs, to address social disparity and to maximize professional opportunities for all people irrespective of gender, colour, caste, creed, religion and other diversity aspects. Organizations in which racial and other discrimination imbalances exist expose themselves to reputational and potential legal risk.		
Additional commentary Refer to the guidance provided in the GRI Standard 405 for reporting on this metric. For reporting on ethnic pay equality, adopt a methodology similar to GRI 405-2, focusing on ethnic groups. The major and minor ethnic group would be based on the significant locations of organizations' operations.		

Theme	People: Core metrics and disclosures	Sources
Dignity and equality	Wage level (%) 1. Ratios of standard entry level wage by gender compared to local minimum wage. 2. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	GRI 202-1, Adapted from Dodd-Frank Act, US SEC Regulations
Rationale Fair compensation and benefits contribute to the economic well-being of employees, since the distribution of wages and income is crucial for eliminating inequality and poverty. A wide gap between the highest-paid individual and the median reinforces inequality and could impede long-term value creation. Focus on pay ratios improves corporate governance and will help ensure that CEO pay is fair and appropriate in relation to the rest of the workforce. Disclosure will provide greater insight into how companies are spending on top-management, their basis for doing so and the opportunity costs that might impact their performance (e.g. investment in research and development or staff training) and therefore encourage the organization to raise compensation for low- and middle-income employees.		
Additional commentary The organization should disclose this indicator for employees who are compensated based on wages subject to minimum wage rules. It can report the relevant ratio of entry-level wage to minimum wage by gender at significant locations of operations. If a local minimum wage is absent or variable at significant locations of operation, by gender, use different minimums as a reference and report which minimum is used for calculating the ratio. Executive compensation disclosure rules require companies to disclose the ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO. To identify the median compensation of all the employees, companies can select a methodology based on their own facts and circumstances. A company could, for example, identify the median of its population or sample using annual total compensation as determined under existing executive compensation rules, or any consistently applied compensation measure from compensation amounts reported in its payroll or tax records.		
Dignity and equality	Risk for incidents of child, forced or compulsory labour An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier b) countries or geographic areas with operations and suppliers considered at risk	GRI 408-1b, GRI 409-1a
Rationale Child labour and forced or compulsory labour are violations of fundamental human rights and have been identified as a hindrance to development. There is a strong link between poverty and child labour, which can lower the standard of living across generations. The ripple effects arising from these issues can translate into legal and reputational risk for the companies, especially those with extensive value chains. Eliminating child labour, forced labour and human trafficking requires businesses, financial institutions and civil society to take strong action and address its root causes. This indicator provides an overview of where a company is identifying these significant human rights risks and gives the company the opportunity to explain its approach to risk management of these issues and how it is addressing these risks in the entire value chain.		
Additional commentary For more information refer to GRI Standards 408 and 409 guidance document.		

Theme	People: Core metrics and disclosures	Sources
Health and well-being	Health and safety (%) The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	GRI:2018 403-9a&b, GRI:2018 403-6a

Rationale

Maintaining strong standards of health, safety and labour rights can improve employee productivity and operational efficiency and enhance employee well-being. Working proactively in these areas of business will help identify and mitigate potential risks, and it is increasingly required by law. Mental health and emotional wellbeing, as components of overall worker health and safety, are becoming increasingly important to drive innovation and deliver goods and services that are reliant on human capital. Organizations that invest in non-occupational medical and healthcare services would demonstrate to their employees that they care and look after them. This would result in a purposeful, resilient and growth-oriented workforce.

Additional commentary

1. For all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, report the following:
   - The number and rate of fatalities as a result of work-related injury
   - The number and rate of high-consequence work-related injuries (excluding fatalities)
   - The number and rate of recordable work-related injuries
   - The main types of work-related injury
   - The number of hours worked

For calculation for the rate of work-related injury, high consequence work-related injuries and recordable work-related injuries refer to GRI:2018 403-9 for guidance.

2. Provide an explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for all employees and workers. Employees' and workers' access to non-occupational medical and healthcare services might be facilitated through, for example, company clinics, disease treatment programmes, referral systems, health insurance or financial contributions.

   When describing the scope of access to non-occupational medical and healthcare services provided, specify the types of service to which access is facilitated and the types of workers that have access to them. For more information refer to GRI:2018 403-6 guidance documents.

Theme	People: Core metrics and disclosures	Sources
Skills for the future	Training provided (#, $) 1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). 2. Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	GRI 404-1, SASB HC 101-15

Rationale

A skilled workforce improves a company's performance, contributes to employee satisfaction and enhances human capital. It is a key priority for all companies today. When firms fail to invest in training, education, skilling and reskilling of their workforce, it can affect their business performance, reputation and ability to attract talent. It can also lead to higher operating costs related to recruiting, developing and retaining employees. The quantum of training needs to be a healthy mix that helps employees to upskill, learn and review issues that are industry-relevant. Providing the right mix of training to employees on technical and behavioural aspects will nurture business growth and help develop a competitive edge.

Additional commentary

1. Report average hours of training that company employees have undertaken during the reporting period, by gender and employee category. In the context of this metric, training refers to:
   - All types of vocational training and instruction
   - Paid educational leave provided by an organization for its employees
   - Training or education pursued externally, paid for in whole or in part by an organization
   - Training on specific topics
   - Reskilling of employees as per market requirements
   - Note: training does not include on-site coaching by supervisors
2. Provide information on the training and development expenditure per full time employee. This includes the expenditure for professional qualifications (such as credentialing programmes and board certification), advanced industry education (such as degree and certificate programmes directly related to job function) and all other categories of training, as mentioned above. For more information refer to GRI 404-1 guidance and SASB HC101-15

TABLE

People: Expanded metrics and disclosures

Theme	People: Expanded metrics and disclosures	Sources
Dignity and equality	Pay gap (%, #) 1. Mean pay gap of basic salary and remuneration of full-time relevant employees based on gender (women to men) and indicators of diversity (e.g. BAME to non-BAME) at a company level or by significant location of operation. 2. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Adapted from UK Government guidance on gender and ethnicity pay gap reporting,[44] GRI 102-38
Rationale The pay gap metric is considered a potential indicator of organizational structural inequality and under-representation of disadvantaged groups in senior and higher paid roles. Research has shown that women and people from ethnic minorities tend to earn less and be in less-senior roles. This is often associated with social disadvantage and is arguably also caused by discrimination. A migrant workforce may have a poor command of the local language, possess qualifications that are not generally recognized by employers and be unfamiliar with the regional culture; these factors affect pay and position. Addressing this issue will create pathways towards a greater variety of roles in the workforce and will positively change how businesses promote talent and distribute pay at all levels. A wide gap between the highest-paid individual and the median reinforces inequality and could impede long-term value creation. Depending on how the organization is structured, it can become a crucial factor in enabling investors to make appropriate decisions.		
Additional commentary Guidance on the requirements and the gender pay gap calculation method is provided by the UK Government Equalities Office as well as by other organizations such as the UK Chartered Institute of Personnel and Development (CIPD). Companies should apply the same methodology to calculate an ethnicity pay gap, being the difference in the average rate of pay between BAME (or other relevant ethnic categorization) workers and non-BAME workers expressed as a percentage of the pay of non-BAME workers. Companies should disclose the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country. Calculate by considering the median annual compensation of all employees at each level.		
Dignity and equality	Discrimination and harassment incidents (#) and the total amount of monetary losses ($) 1. Number of discrimination and harassment incidents, status of the incidents and actions taken. 2. Total amount of monetary losses as a result of legal proceedings associated with: a) law violations, and b) employment discrimination	GRI 406-1, Adapted from SASB FR-310a.4
Rationale Organizational culture needs to be built on a foundation of respect, courtesy and professionalism, free from any acts of discrimination, bullying or harassment. Employers are responsible for dealing effectively and fairly with situations involving claims and incidents of harassment or discrimination. Commitment to eliminating discrimination and harassment in the workplace helps reduce inequalities and promotes organizational cultures that focus on performance and merit.		
Additional commentary 1. Report on total number of discrimination and harassment incidents, status of the incidents and remediation measures taken. 2. Report the total amount of monetary losses incurred during the reporting period as a result of legal proceedings associated with (1) labour law violations and (2) employment discrimination. Labour violation is defined as violations including, but not limited to, those relating to wages, work hours, overtime and meal and rest breaks. While disclosing information on this metric, include incidents of discrimination on the grounds of race, color, sex, religion, political opinion, national extraction or social origin as defined by the ILO, or other relevant forms of discrimination involving internal and/or external stakeholders across operations in the reporting period. For additional information refer to GRI 406-1 guidance and SASB FB–FR–310a.4.		

Theme	People: Expanded metrics and disclosures	Sources
Dignity and equality	Freedom of association and collective bargaining at risk (%) 1. Percentage of active workforce covered under collective bargaining agreements. 2. An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk, including measures taken by the organization to address these risks.	SASB CN0401-17, GRI 407-1, WDI 7.2

Rationale

A responsible business respects the human rights of its workers, including their right to exercise freedom of association and collective bargaining. It is important to have a proper governance structure in place which embraces these human rights and makes it possible to promote and realize decent conditions at work. Freedom of association and collective bargaining are the basis for all human rights in the workplace (e.g. living wage, decent work conditions, equal opportunities). Organizations that support these rights internally and externally across the value chain can better mitigate the risk of potential conflicts as well as safeguard business continuity.

Additional commentary

1. Report on the percentage of the active workforce covered under collective bargaining agreements. The active workforce is defined as the maximum number of unique employees employed at any time during the fiscal year. The scope includes all personnel employed by the registrant, including full-time, part-time and temporary employees.
2. Workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk either in terms of type of operations and countries or geographic areas. Disclose the information related and provide the remediation measures taken in the reporting period to support and protect the rights of collective bargaining across the value chain.

Theme	People: Expanded metrics and disclosures	Sources
Dignity and equality	Human rights review, grievance impact and modern slavery (#, %) 1. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. 2. Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period and an explanation on type of impacts. 3. Number and percentage of operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; or b) countries or geographic areas with operations and suppliers considered at risk.	GRI 412-1, UN Guiding Principles, Adapted from GRI 408-1a and GRI 409-1, WDI 7.5

Rationale

Organizational activities may cause or contribute to an environment of social abuse that violates the human rights of individuals, workers and communities. Without a mechanism for employees and other key stakeholders to report human rights violations, companies could miss opportunities to identify and mitigate such underlying issues. Companies that encourage stakeholders to provide feedback can respond more quickly to misconduct, build trust with them and prevent harm to long-term value. Eliminating forced labour remains an important challenge as it perpetuates poverty and is a hindrance to economic and human development. Companies that associate with modern slavery in any form will damage their reputation, brand and even licence to operate. It is extremely important for companies to engage with this topic and assess the risk across their value chain.

Additional commentary

1. Disclose information on the total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country. For additional information refer to GRI 412-1. Perform human rights due diligence across the value chain to report on this aspect.
2. Disclose information related to grievances, including number and type of grievances reported, with associated impacts related to a salient human rights issues in the reporting period. Additionally, disclose the types of impacts that occurred (both direct and indirect). Mention any monetary losses associated with these impacts.
3. Disclose information on the number and percentage of operations and suppliers considered to be at significant risk of incidents of child, forced or compulsory labour by type of operation and supplier; and by countries or geographic areas with operations and suppliers considered at risk. To ensure the accuracy and mitigate the risk, perform risk assessments across upstream and downstream activities.

For more information, refer to GRI 412-1, UN Guiding Principles, GRI 408-1a, GRI 409-1 and WDI 7.5.

Theme	People: Expanded metrics and disclosures	Sources
Dignity and equality	Living wage (%) Current wages against the living wage for employees and contractors in states and localities where the company is operating.	MIT Living Wage Tool, EPIC
Rationale Companies that offer a living wage to workers and employees can help lift households and communities out of poverty. A living wage provides a benchmark for responsible employers who respect human rights and who choose to pay their employees a rate that meets the basic cost of living in the region they operate in. The provision of a living wage could strengthen the organizations' reputation, reduce employee turnover and lower the risk of strike action by workers.		
Additional commentary Living wage is defined as a wage sufficient to meet the basic standards of living, which will vary by country, local living standards and need. Information and references for a living wage are available at MIT's Living Wage Calculator.45 For locations not in the US, refer to the Living Wage Foundation46 or to "Living Wages Around the World: Manual for Measurement", by Richard and Martha Anker.		
Health and well-being	Monetized impacts of work-related incidents on organization (#, $) By multiplying the number and type of occupational incidents by the direct costs for employees, employers per incident (including actions and/or fines from regulators, property damage, healthcare costs, compensation costs to employees).	Adapted indicator based on European Commission, Safe Work Australia
Rationale A safe workplace is crucial for companies to maintain employees' morale and stay competitive. The financial impacts of workplace accidents can destabilize companies and their business models. Measuring the direct impacts of these accidents will enable companies to reduce their negative impacts on employees, business and society. The cost of work-related accidents and ill-health helps substantiate the business case for investments in occupational health and safety.		
Additional commentary Report on monetized impacts incurred due to work-related incidents during the reporting period. Calculate by multiplying the number and type of occupational incidents (e.g. injuries to employees, structural damage in the organization etc.) with direct costs incurred by the organization. This includes costs directly attributed to the accident, e.g. direct costs from compensation payments, first aid and medical expenses, wages of the victim, material damages, payment of indemnity benefits, workers' compensation and other benefits, medical benefits for the injured worker (e.g. workers' compensation and other health benefits), return-to-work programmes, workers' compensation insurance premiums, injury prevention programmes, and costs of compliance, among others.		
Health and well-being	Employee well-being (%) 1. The number of fatalities as a result of work-related ill-health, recordable work-related ill-health injuries and the main types of work-related ill-health for all employees and workers. 2. a) Percentage of employees participating in "best practice" health and well-being programmes, and b) Absentee rate (AR) of all employees.	GRI:2018 403-10a&b, EPIC, Adapted from GRI:2016 403-2a
Rationale There is a growing recognition that the well-being of employees has a positive impact on organizational success as well as on employee health, professional fulfilment and quality of life. Research has consistently shown that employee well-being predicts job attitudes and performance. It has important implications for productivity and work relationships. Having a hygienic, safe and healthy workplace culture contributes to a high-performing organization with employees who are socially integrated.		
Additional commentary 1. Report on the following information for all employees and workers who are not employees, but whose work and/or workplace is controlled by the organization: – The number of fatalities as a result of work-related ill-health – The number of cases of recordable work-related ill-health – The main types of work-related ill-health 2. Disclose information on the percentage of employees participating in "best practice" health and well-being programmes. Well-being programmes are categorized under lifestyle management, disease management and access to healthcare. Report on the absenteeism rate (AR) for all employees. For more information refer to GRI:2016 403-2b and Embankment Project, EPIC Report page 46.		

Theme	People: Expanded metrics and disclosures	Sources
Skills for the future	Number of unfilled skilled positions (#, %) 1. Number of unfilled skilled positions (#). 2. Percentage of unfilled skilled positions for which the company will hire unskilled candidates and train them (%).	WBCSD Measuring Impact Framework Methodology Version 1.0 (2008)
Rationale The rapid changes in global markets and business models including technology have led to a rise in skills gaps. It is imperative for organizations to identify skills gaps and train employees to bridge the gaps. It is paramount for organizations, society and investors alike to measure the effects of available skills and learning. A company will be rewarded in the market based on the value it generates for its stakeholders. Investing in relevant training programmes will help organizations fill vacant skilled positions, thereby improving productivity and reducing employee turnover.		
Additional commentary 1. Report on the number of unfilled skilled positions (a skilled position is unfilled if it is vacant for 90 days). 2. Report on the percentage of unfilled skilled positions for which the company hires unskilled candidates and trains them. Organizations can use the regional definition for "skilled" as per the location they operate in. For more information refer to WBCSD's impact framework, page 59.		
Skills for the future	Monetized impacts of training – Increased earning capacity as a result of training intervention (%, $) 1. Investment in training as a percentage (%) of payroll. 2. Effectiveness of the training and development through increased revenue, productivity gains, employee engagement and/or internal hire rates.	Adapted from OECD, 47 48 WDI 5.5
Rationale Training affects valuation and creates a pressure for change. It can be leveraged for innovation and used to improve performance and manage human capital. Enhancing skills through relevant investments in training and monitoring the effectiveness of training will enhance productivity, reduce employee turnover and contribute to an organization's capacity to create long-term value.		
Additional commentary 1. Report on the investment made in training as a percentage of payroll. This analyses how much reskilling investment is made to enhance the capabilities of the workforce and make them future-ready. 2. Companies are encouraged to provide any quantitative or qualitative measures of the impact of training and development on the business and its workforce (e.g. through increased revenue, productivity gains, employee engagement and/or internal hire rates or return on investment). Regarding internal hires, report the proportion of internal hires at company level and proportion by employee category. For reporting on training return on investment, use the DJSI human capital return on investment methodology or the Kirkpatrick Model.		

Pillar 4 – Prosperity

Demonstrating a company's contribution to Prosperity requires the right combination of metrics and descriptive disclosures which best reflect the importance of, and relationships between, a company's business activities, investments and strategy and the desired outputs and outcomes it has for society. There is a need for descriptive disclosures which provide additional nuance for how companies are contributing to prosperity in the context of its business strategy and purpose.

The core prosperity pillar metrics are generally well-established in current corporate reporting practices and draw from existing, widely adopted financial and sustainability standards. The proposed direction of travel towards enhanced prosperity reporting is to build from the core metrics and then begin reporting on the expanded metrics, which are closely connected and, in many cases, represent a natural progression from the core metrics. The expanded metrics are emerging metrics that seek to further demonstrate the direct and indirect impact of a company's activities and investments on society and the unique ways in which companies create economic and social prosperity through employment, financial investment, product innovation and taxes.

Summary of key changes

Feedback

The intent of the Prosperity pillar reflects the UN definition, that it is 'an ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.' In line with this vision, Prosperity metrics and disclosures were acknowledged throughout the consultation as being important for companies to demonstrate how strategic initiatives and business operations contribute to long-term value creation and company resilience, as well as the broader economy in supporting economic and social prosperity.

While companies may currently report some social impact metrics, reporting on the recommended core metrics and impact-focused expanded metrics can more holistically demonstrate their contribution to a prosperous society. The feedback emphasized that this area is particularly important in light of ongoing social issues (e.g. the global pandemic, racial and social injustice, wealth inequality, affordable access to services etc.) and the increasing importance of intangibles (e.g. innovation efforts, social licence to operate) in company market valuations and human progress.

Investors commented that the Prosperity pillar themes and metrics move a company's sustainability reporting beyond the traditional ESG focus, encouraging companies to have a strategic discussion about their economic impact on wider society and contribution to the SDGs. Investors noted that enhanced, consistent reporting of the Prosperity pillar's comparable metrics and disclosures can be used by them to begin assessing a company's impact on society. Such reporting can provide investors an opportunity to bring extra information into their investment decisions, in addition to data from sector- and company-specific reporting. The Prosperity pillar's expanded metrics provide further reporting on social impact, including outcome-oriented metrics that may not currently be reported or disclosed.

Changes to metrics

The majority of IBC members who responded to the survey rated all of the Prosperity core metrics as important or highly important, except for the Country-by-country tax metric. The survey responses included concern that the disclosure of a metric solely covering data on corporate income taxes would tell an incomplete story as it would not reflect the full contribution to public finances made by the company. A working group of tax professionals was formed to assess the feedback receivedreceived and identify a revised core tax metric that would address the concerns raised, align with the other core metrics and hold promise for widespread adoption over time to increase transparency with respect to company tax burdens. The working group replaced the original Country-by-country tax core metric with a Total tax paid core metric; and they added two new expanded metrics on Tax collected by the company on behalf of other taxpayers and Total tax paid by country for significant locations.

The Community investment metric was ranked as important by survey respondents with requests for further clarity to avoid subjective inputs such as in-kind contributions. Some components of this metric were retained, but it is now embedded as a component of Economic value generated and distributed (EVG&D) within the Economic contribution core metric, which aligns to GRI 201.

Feedback from investors and corporates indicated a general preference to report on absolute numbers, rather than ratios and calculations, with supplementary narrative to further contextualize performance. Therefore, ratios were removed from the Economic contribution, Financial investment, R&D expenses and Community investment metrics. It was acknowledged that information such as revenue and headcount is widely available and can be used by educated readers to normalize performance within a sector. Where appropriate,

companies are encouraged to report GRI 102: General Disclosures (2016) – Disclosure 102-7 Scale of the Organization for supplementary context and comparison when disclosing metrics with absolute numbers. Feedback received from survey respondents also indicated that more-forward looking metrics indicating impact and outcomes are preferable to lagging metrics indicating inputs. However, the challenges and complexities of forward-looking metrics are acknowledged, particularly in comparing social impact across companies.

Two expanded metrics were removed due to lack of support from consultation participants. These were Average wage and Net promoter score (NPS).

TABLE

Prosperity: Core metrics and disclosures

Theme	Prosperity: Core metrics and disclosures	Sources
Employment and wealth generation	Absolute number and rate of employment 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	Adapted, to include other indicators of diversity, from GRI 401-1a&b

Rationale
Employment and job creation are key drivers of economic growth, dignity and prosperity and provide a basic indication of a company's capacity to attract diverse talent, which is key to innovate new products and services. Employee turnover may serve as an indication of employee satisfaction or dissatisfaction and potential unfairness in the workplace. This metric is related to the People pillar but included within Prosperity because it captures the degree to which a company is supporting employment within a region.

Additional commentary
Companies should refer to Standard Interpretation 1 to GRI 401: Employment 2016 on calculating the rates of new employee hires and employee turnover. To support readers' interpretation of this information, it is recommended that companies include additional narrative to describe performance, capturing key changes, including anticipated changes in the labour market (e.g. technology shifts) and the company's response to these changes as it pertains to employment.

This metric highlights the economic benefits of considering diversity in talent attraction and retention and the strong linkages it has to innovation and its importance in addressing the COVID-19 crisis. The economic crisis due to the pandemic has further exposed the impact of job losses in pushing millions of people (especially vulnerable groups) into poverty, slowing down targeted poverty reduction and declination rates. Job creation and employee retention are key to address this risk and can be a simple starting point to measure companies' contributions.

Employment and job creation metrics represent a precursor to reporting outcome-driven metrics that demonstrate a company's progress in achieving wider societal goals. The metric is expected to evolve into a more comprehensive metric based on progressive development of the labour market, impact reporting and evolving stakeholder requirements. Furthermore, the expanded metrics Social value generated and Significant indirect economic impacts can enable companies to demonstrate the long-term benefits that employment can have on society.

Theme	Prosperity: Core metrics and disclosures	Sources
Employment and wealth generation	Economic contribution 1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by: – Revenues – Operating costs – Employee wages and benefits – Payments to providers of capital – Payments to government – Community investment 2. Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	GRI 201-1, GRI 201-4

Rationale

Economic contribution provides a basic indication of how a company has created wealth for stakeholders. EVG&D and its components can provide a valuable snapshot of the direct monetary value added to local economies through generation of products and services, servicing of capital, payment of wages, taxes and community investment, while the significant financial assistance received from government, when compared with separate disclosures on taxes, can be useful for developing a more balanced and transparent snapshot of the balance of transactions between the company and government.

Additional commentary

For GRI 201-1, the EVG&D calculation provides estimates of revenues, costs (including payments to labour and capital as factors of production and community investment) and a calculation of economic value retained in the business, on an accruals basis, in which costs are subtracted from revenues. It is expected to be calculated using data from the P&L or other audited financial disclosures. Under accrual basis of accounting, revenue is recorded when it is earned and expenses are reported when they are incurred. For GRI 201-4, companies are also expected to report on any government shareholdings.[49] GRI 201 guidance states that companies may report at the country, regional or market level for these components. GRI 201-1 includes payments to government alongside other metrics, whereas payments from government (e.g. fines and taxes) are separated out in GRI 201-4. Companies may additionally choose to compare net payments to government (from GRI 201-1) with the metrics in GRI 204-4, to the extent that otherwise the less prominent reporting of payments to government gives a misleading impression of receiving net subsidies.

To support readers' interpretation of this information, it is recommended that companies include an additional narrative to describe performance, capturing key changes including anticipated changes in the market (e.g. demographic changes, global crises) and the company's response to these changes as it pertains to economic performance. This may include additional narrative on how a company's economic contributions support vulnerable and under-represented groups in society.

Information on the creation and distribution of economic value provides a basic indication of how a company has created wealth for stakeholders, which correlates to long-term financial performance and is likely to be a crucial component in any analysis of benefits versus costs with other metrics (e.g. environmental impacts).

Economic value generated and distributed (EVG&D) figures also provide an economic profile of a company, which can be useful for normalizing other performance figures. If presented in regional or country-level detail, EVG&D can provide a valuable snapshot of the direct monetary value added to local economies, for example through the generation of products and services, servicing of capital, payment of wages, taxes and community investment.

Financial assistance received from the government, including tax breaks, subsidies and investment grants, provides a measure of governments' contributions to a company. It includes tax relief and tax credits, subsidies, investment grants, research and development grants and other relevant types of grant, awards, royalty holidays, financial assistance from Export Credit Agencies, financial incentives and other financial benefits received or receivable from any government for any operation. The significant financial assistance received from government, when compared with separate disclosures on taxes, can be useful for developing a more balanced and transparent snapshot of the balance of transactions between the company and government.

The two metrics capture value-added for consumers, workers, investors and communities where companies work. Strong value-added indicates that the business is producing compelling goods and services for its customers and society, as opposed to being sustained by continued investment or financial assistance from government.

Overall, the role of businesses in fuelling economic development and growth is highly appreciated and of extreme importance given the economic impacts of COVID-19. The economic contraction associated with COVID-19 and resulting interventions have reduced overall economic output substantially and drawn heightened attention to the community investments that companies are making to support response and recovery associated with the pandemic.

Economic contribution addresses the direct and short-term impacts on prosperity. Over time, the goal should be a wider and more dynamic view of economic contribution. GRI 203 addresses indirect economic impacts such as Investment in infrastructure and services supported and Significant indirect economic impacts, which are included as expanded metrics. Companies have already began moving towards output measurement to demonstrate their societal impact (e.g. the number of people who have been reached) and the direction of travel is moving towards measuring outcomes and impacts of those investments made in a company's people and the communities in which they operate and impact through their products and services.

Theme	Prosperity: Core metrics and disclosures	Sources
Employment and wealth generation	Financial investment contribution 1. Total capital expenditures (CapEx) *minus* depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks *plus* dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	As referenced in IAS 7 and US GAAP ASC 230

Rationale

Investment is a key driver of an economy's growth and a company's capacity to expand its operations and create additional employment. Wealth creation from investment activities can be evidenced through the company's expenditures to grow the business as compared to distribution of capital to shareholders.

Additional commentary

The components identified above all feature within the International Accounting Standard's IAS 7 Statement of Cash Flows and US GAAP ASC 230 Statement of Cash Flows and are standard disclosures within financial statements.[50, 51] To support readers' interpretation of this information, it is recommended that companies include an additional narrative to provide insight into their strategy for expansionary efforts and on other investments in the business outside of the criteria included in the recommended metric. Additionally, the narrative can describe performance, capturing key changes (and anticipated changes) in the market or the company's financial performance and the company's response to these changes as it pertains to financial investment.

Refer to the Glossary for further description of the components by IAS 7 and ASC 230, including capex and share buybacks. If intangibles are included within the measure for capital expenditure, then it is recommended that related amortization be included alongside depreciation.

Not all capital expenditures can be considered expansionary as some are necessary to maintain current business activity. Depreciation is used as a proxy for maintenance expenditures in this calculation, to isolate capital expenditures that contribute to expanding business activity. This needs to be balanced, however, with the amount of capital a company returns to shareholders in lieu of expansionary efforts, as share buybacks and dividends restrict a company's ability to invest back into the business. Taken together, the four components (total capital expenditure, depreciation, share buybacks and dividend payments) can serve as a basic indicator for net business investment which is why there is value in presenting them together.

As companies are already reporting the components of this metric in annual filings, the metric can evolve to disclose the impact and success of investment through return on investment (ROI) metrics and qualitative assessments of investment performance. Expanded metrics such as Vitality Index or Total Social Investment may further enable companies to report the impact of their investments in long-term value creation and the broader impacts on society.

Theme	Prosperity: Core metrics and disclosures	Sources
Innovation of better products and services	Total R&D expenses ($) Total costs related to research and development.	US GAAP ASC 730

Rationale

Innovation is key to prosperity and total costs relating to R&D can be regarded as a basic indication of a company's efforts to innovate new products and services and be fit for the future. This can also provide insights into the capacity of the company to create new offerings, generate social or environmental benefits and more detailed specific disclosure could demonstrate progress against the SDGs.

Additional commentary

Total R&D expenses include costs related to Research and Development (as defined in the Glossary) and exclude government grants. Total R&D expenses should be reported together as required by the US GAAP standard, differing from R&D reporting under IFRS. For companies reporting according to IFRS, who subsequently report research costs as incurred expenses and development costs as capitalized, it is recommended to combine these amounts.

Companies are facing a high level of uncertainty due to factors such as disruptors, innovation and changing customer trends and regulations. Their responses can be difficult to communicate through R&D metrics alone. Therefore, an accompanying narrative that explains how the company is preparing for different scenarios across each stage of the innovation pathway (ideation, development, launch and maturity) and its sector context is recommended. This may help users of the information better understand the company's performance and the link between its operating context, its innovation strategy and long-term value creation.

Companies may also consider including additional narrative description, outlining the extent to which R&D efforts address sustainability challenges. As not all R&D will be dedicated to addressing sustainability challenges, it is recommended that companies provide an indication of how much of the total R&D expenses is dedicated to sustainability and description of projects.

Companies that demonstrate strength in innovation are better positioned for growth and resilience, strengthening their competitive edge in the market and more effectively respond to the needs and demands of changing society. By disclosing R&D spending and activities, companies can convey how they contribute to sustainable solutions and efficient production, thereby showing they are fit for the future.

Currently, the most disclosed innovation metrics (e.g. R&D investments and number of patents) are from the early phases of the innovation process (e.g. ideation and development). Therefore, R&D is a critical starting point for companies wishing to disclose their contribution to prosperity, where innovation drives both wealth generation and enhancement of consumer and social welfare. This metric can be viewed as an initial step before advancing to reporting on more outcome-driven metrics (e.g. lives saved through product innovation, energy saved through more energy-efficient products or services). Expanded metrics such as Social value generated or Vitality Index may better enable companies to demonstrate the way in which their innovation strengthens their future licence to operate as well as long-term financial viability.

Theme	Prosperity: Core metrics and disclosures	Sources
Community and social vitality	Total tax paid The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Adapted from GRI 201-1

Rationale

Reporting of total tax paid provides global information on the company's contribution to governmental revenues through the different forms of taxation imposed on it. This reporting provides information on the company's global tax profile and on the various categories of taxes that support governmental functions and public benefits.

Additional commentary

To support readers' interpretation of this information, it is recommended that companies include additional narrative to describe the measurement and presentation approach used and to provide relevant context for the information.

Taxes are important sources of government revenue and are central to the fiscal policy and macroeconomic stability of countries. They are acknowledged by the UN to play a vital role in achieving the SDGs. They are also a key mechanism by which companies contribute to the economies in which they operate, as government revenues support public infrastructure and services.

Total tax paid is a comprehensive measure of the tax payments that companies make to governments at all levels to fund government operations, public infrastructure and essential services. The inclusion of all types of taxes provides a balanced global metric because it takes into account the different mixes of types of taxes deployed by different governments as well as the different mixes of types of taxes borne by different companies in different business lines.

Today there is no consistent practice for disclosure of comprehensive tax information by companies. Total tax paid is a comprehensive measure intended to increase transparency with respect to company tax burdens. Over time, the goal is consistency in reporting comprehensive tax information to facilitate greater understanding of the full contribution that companies make in supporting government operations and funding public benefits.

TABLE

Prosperity: Expanded metrics and disclosures

Theme	Prosperity: Expanded metrics and disclosures	Sources
Employment and wealth generation	Infrastructure investments and services supported Qualitative disclosure to describe the below components: 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind or pro bono engagements.	GRI 203-1
Rationale Combined with investment in its own operations, this metric captures the company's capital contribution to the economy through provision of infrastructure services. This metric expands upon the Economic contribution metric to identify further contributions to long-term value and a prosperous society.		
Additional commentary As per the GRI reporting guidance, when compiling the information for this disclosure, the company should include the size, cost and duration of each significant infrastructure investment or service supported, the extent to which different communities or local economies are impacted by the company's infrastructure investments and the type of services supported. These impacts can be direct and indirect, extending beyond the scope of a company's own operations and over longer timescales.		
Employment and wealth generation	Significant indirect economic impacts 1. Examples of significant identified indirect economic impacts of the organization, including positive and negative impacts. 2. Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities (e.g. national and international standards, protocols, policy agendas).	GRI 203-2
Rationale Indirect economic impacts such as economic development in areas of high poverty, improving or deteriorating social or environmental conditions, and enhanced skills and knowledge in a community or in a geographic location are particularly important to assess as a facet of a company's overall contribution to local communities and regional economies. This metric expands upon the Economic contribution metric to identify further contributions to long-term value and a prosperous society.		
Additional commentary This disclosure addresses indirect economic impacts, which are defined by GRI 203 as "the additional consequences of the direct impact of financial transactions and the flow of money between an organization and its stakeholders."[52] Indirect economic impacts can be monetary or non-monetary and are important to assess in relation to local communities and regional economies. Examples of significant indirect economic impacts, both positive and negative, are set out in the GRI reporting guidance.[53] This metric was selected because indirect economic impacts are particularly important to assess as a facet of a company's overall contribution to local communities and regional economies. When reported with the Economic contribution core metric and Infrastructure investments and services supported expanded disclosure, a company can provide a more holistic picture of the economic impacts it has on society.		

Theme	Prosperity: Expanded metrics and disclosures	Sources
Innovation of better products and services	Social value generated (%) Percentage of revenue from products and services designed to deliver specific social benefits or to address specific sustainability challenges.	Adapted from GRI (FiFS7 + FiFS8) and SASB FN0102-16.a, EPIC

Rationale
This metric captures the degree to which a business is generating products and services that support sustainability and can also provide insights into the capacity of the company to create new offerings through recognizing the benefits (e.g. revenue) from offering these products and services.

Additional commentary
This metric has been adapted from related SASB and GRI metrics, including the amount of sustainability-focused services and the monetary value of products and services designed to deliver a specific environmental and social benefit for each business line.[54]

To further support readers' interpretation of this information, enhance comparability and provide sectoral relevance, it is recommended that companies include additional narrative explanation to describe products and services included in the metric and the sustainability challenges addressed. For example, this could include products designed to provide renewable energy, enhance personal safety, address water scarcity, or support local communities.

Innovation of better products and services	Vitality Index Percentage of gross revenue from product lines added in last three (or five) years calculated as the sales from products that have been launched in the past three (or five) years divided by total sales, supported by narrative that describes how the company innovates to address specific sustainability challenges.	Adapted from OECD Oslo Manual Section 8.3.1

Rationale
This metric is a proxy to measure the effectiveness and productivity of a company's investments in innovation and serves as a primary metric for the maturity phase of innovation.

Additional commentary
It is widely acknowledged that there is no "one-size-fits-all" approach to measuring innovation or tracking a company's innovative performance, and it is often company- or sector-specific. However, the Vitality Index, first developed as a proxy to measure the effectiveness and productivity of investments in innovation, is a suggested starting point that should be universally applicable so long as the metric parameters are clearly defined by the company.[55]

The challenges associated in the measurement and definition of this metric (e.g. what constitutes a "new product" and what time horizon should be applied) suggest that the metric should be supported by clear disclosures that define "new product lines" and establish the time horizon (e.g. three or five years) that has been applied. To enhance reporting of this metric, it is recommended that an additional narrative is included to further identify the new products and services that are addressing sustainability challenges.

Through investor consultation, the Embankment Project for Inclusive Capitalism (EPIC) identified the Vitality Index as one of its primary metrics for the maturity phase of innovation, as it is already reported on by some companies and it enhances a company's disclosure of total R&D expenses as a measure of innovation in terms of success in understanding and meeting customer needs through new product offerings.[56] Other reporting frameworks that utilize this or similar metrics include WICI's Intangibles Reporting Framework.

Theme	Prosperity: Expanded metrics and disclosures	Sources
Community and social vitality	Total Social Investment ($) Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts defined by CECP Valuation Guidance.	CECP Valuation Guidance

Rationale
This metric is a more inclusive definition of community investment, which seeks to capture the multiple ways in which companies can demonstrate their investment in social activities beyond traditional charitable giving.

Additional commentary
Total Social Investment (TSI) is a metric summing up all resources (operational expenses, staff time and more) that the company uses for "S" in ESG efforts.[57] Using a monetary unit of measurement allows for ease of comparison across companies, making the metric well-suited for benchmarking. TSI spans all social efforts and therefore is compatible with the differences that result when companies set strategy based on their materiality assessment. For example, an energy company is likely to have a much higher percentage of TSI towards safety efforts compared to the safety percentage for a financial services company.

There are seven known categories of social efforts and two gaps in current knowledge that together express the scope of what to include in a company's TSI value. The seven known categories are drawn from an extensive landscape review done by CECP and include communities, human rights, diversity equity and inclusion (internal and external), training, health and safety, and labour relations. The two gaps in current knowledge are broader partnerships and social value categories, including efforts such as socially-driven internships, donations of digital material, impact investing and shared-value work. The metric TSI may be reported on its own as a total, or preferably as a total followed by a categorized breakdown.

This metric is intentionally input-driven, inspired by the desire for it to be commonly reported across companies from any industry. It is intended to be paired with other metrics in a company's reporting that show outcomes and impacts.

The measurement of social investment is continuing to evolve as both the private and public sectors attempt to measure their contributions to the communities and societies where they live and work. Corporate social activities, which may have started by addressing challenges in local communities with community investments (e.g. cash contributions to community partners), have expanded to include other types of social investment such as employee involvement, the use of company influence to raise funds from others, product development with social purpose and much more.

Community and social vitality	Additional tax remitted The total additional global tax collected by the company on behalf of other taxpayers, including VAT and employee-related taxes that are remitted by the company on behalf of customers or employees, by category of taxes.	Adapted from GRI 201-1

Rationale
Companies may choose to report on additional tax remitted in order to provide global information on their further contribution to governmental revenues through the total taxes they collect in their business interactions with other taxpayers and remit to governments. The support that a company provides through this function enhances the operation of tax systems and reduces the administrative burden that governments otherwise would bear in collecting these taxes.

Additional commentary
Additional tax remitted is an expanded metric that provides information on a company's further contribution to governments and society through the support provided by collecting and remitting taxes in its business interactions with other taxpayers, including the payroll taxes associated with the compensation the company provides to the workforce it employs.

Theme	Prosperity: Expanded metrics and disclosures	Sources
Community and social vitality	Total tax paid by country for significant locations Total tax paid and, if reported, additional tax remitted, by country for significant locations.	Adapted from GRI 201-1
Rationale Companies may choose to supplement their reporting of total tax paid, as well as additional tax remitted (if reported), by providing country-level information for significant business locations in order to highlight their contributions to governmental revenues and support for tax collections in such countries.		
Additional commentary The additional information provided under this expanded metric would highlight a company's contributions to governmental revenues and support for tax collections in countries where it has significant business operations.		

Glossary

	Definition	Source	Relevant pillar and metric
Absentee	Worker absent from work because of incapacity of any kind, not just as the result of work-related injury or disease Note: Absentee excludes permitted leave absences such as holidays, study, maternity or paternity leave and compassionate leave.	GRI 403-2 (2016), Glossary	People, Expanded: Well-being
Absentee rate	Measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period (The total absentee days lost divided by the total days scheduled to be worked by employees during the reporting period, expressed as a percentage) Note: Absentee rate can be calculated for a specific category of workers (e.g. employees). This is specified in the respective disclosure in the GRI Standards.	GRI 403-2, 2016 Glossary	People, Expanded: Well-being
Age group	– Under 30 years old – 30-50 years old – Over 50 years old	GRI Disclosure 401-1	People, Core: Diversity and inclusion Prosperity, Core: Absolute number and rate of employment
Annual total compensation	Compensation provided over the course of a year. Annual total compensation can include compensation such as salary, bonus, stock awards, option awards, non-equity incentive plan compensation, change in pension value and nonqualified deferred compensation earnings and all other compensation.	GRI 102-38 Glossary	People, Core: Wage Level People, Expanded: Pay Gap
Capex	As referenced in IAS 7 – Cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalized development costs and self-constructed property, plant and equipment. As referenced in ASC 230 – Payments at the time of purchase or soon before or after purchase to acquire property, plant, and equipment and other productive assets, including interest capitalized as part of the cost of those assets	IAS 7 Statement of Cash Flows and ASC 230 Statement of Cash Flows	Prosperity, Core: Financial investment contribution
Carbon dioxide equivalent (tCO2e)	The universal unit of measurement to indicate the global warming potential (GWP) of each of the six greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. It is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.	The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition), 2004	Planet, Core: Greenhouse Gas emissions
Cash flows from investing activities	Payments to acquire/receipts from the sale of, property, plant and equipment, intangibles and other long-term assets (including payments and receipts relating to capitalized development costs and self-constructed property, plant and equipment)	IAS 7 Statement of Cash Flows	Prosperity, Core: Financial investment contribution

Child	Person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher. Note 1: Exceptions can occur in certain countries where economies and educational facilities are insufficiently developed and a minimum age of 14 years applies. These countries of exception are specified by the International Labour Organization (ILO) in response to a special application by the country concerned and in consultation with representative organizations of employers and workers. Note 2: The ILO Convention 138, "Minimum Age Convention", 1973, refers to both child labour and young workers.	GRI 408-1 Glossary , ILO Convention	People, Core: Risk for incidents of child, forced or compulsory labour People, Expanded: Human rights review, grievance impact & modern slavery
Chronic disease management	Chronic disease management includes supporting employees to manage chronic non-communicable diseases (these include for example, heart disease, hypertension, diabetes, mental health). Following a baseline health assessment (anonymized) the company then supports and intervenes where appropriate (e.g. access to flu shots, helplines).	Embankment Project, EPIC Report (Page 47)	People, Expanded: Well-being
Clawback	Repayment of previously received compensation required to be made by an executive to his or her employer in the event certain conditions of employment or goals are not met	GRI: 102-35, Glossary	Principles of Governance, Expanded: Remuneration
Community investment	Total community investments refer to actual expenditures in the reporting period, not commitments. An organization can calculate community investments as voluntary donations plus investment of funds in the broader community where the target beneficiaries are external to the organization. Voluntary donations and investment of funds in the broader community where the target beneficiaries are external to the organization can include: – Contributions to charities, NGOs and research institutes (unrelated to the organization's commercial research and development) – Funds to support community infrastructure, such as recreational facilities – Direct costs of social programmes, including arts and educational events.	GRI 201-1	Prosperity, Core: Economic contribution
Confirmed incident of corruption	Incident of corruption that has been found to be substantiated. Note: Confirmed incidents of corruption do not include incidents of corruption that are still under investigation in the reporting period.	GRI: 205-3, Glossary	Principles of Governance, Core: Anti-corruption
COP26	The 26th United Nations Climate Change Conference of the Parties, to be held in Glasgow, UK in November 2021 – https://www.ukcop26.org/		Planet

Corruption	Abuse of entrusted power for private gain, which can be instigated by individuals or organizations. Note: In the GRI Standards, corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business. This can include cash or in-kind benefits, such as free goods, gifts and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage.	GRI: 205-2, GRI 205-3, Glossary	Principles of Governance, Core: Anti-corruption
Discrimination	Act and result of treating persons unequally by imposing unequal burdens or denying benefits instead of treating each person fairly on the basis of individual merit. Note: Discrimination can also include harassment, defined as a course of comments or actions that are unwelcome, or should reasonably be known to be unwelcome, to the person towards whom they are addressed.	GRI 406-1 Glossary	People, Expanded: Discrimination and harassment incidents and the total amount of monetary losses
Downstream	"Gate-to-grave": covers activities linked to the purchase, use, reuse, recovery, recycling and final disposal of the business' products and services	Natural Capital Coalition et al, The Natural Capital Protocol, 2016	Planet, Core: – Greenhouse Gas emissions – Water consumption and withdrawal in water-stressed areas
Employee	An individual who is in an employment relationship with the organization, according to national law or its application Type of employment relationship: – Employment contract: Contract as recognized under national law or practice that can be written, verbal, or implicit (that is, when all the characteristics of employment are present but without a written or witnessed verbal contract). – Indefinite or permanent contract: A permanent employment contract is a contract with an employee, for fulltime or part-time work, for an indeterminate period. – Fixed term or temporary contract: A fixed term employment contract is an employment contract as defined above that ends when a specific time period expires, or when a specific task that has a time estimate attached is completed. A temporary employment contract is of limited duration and is terminated by a specific event, including the end of a project or work phase or return of replaced employees. Employment type: – Full-time: A "full-time employee" is an employee whose working hours per week, month, or year are defined according to national legislation and practice regarding working time (such as national legislation which defines that "full-time" means a minimum of nine months per year and a minimum of 30 hours per week). – "Part-time employee" is an employee whose working hours per week, month, or year are less than "full-time" as defined above.	GRI Disclosure 102-7 and 102-8 and glossary definition	Principles of Governance, Core: Anti-corruption Principles of Governance, Expanded: Remuneration People, Core and Expanded: Across all metrics Prosperity, Core: Absolute number and rate of employment

Employee category	Breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production). Note: This information is derived from the organization's own human resources system.	GRI 405-2 Glossary	People, Core: – Diversity & Inclusion, – Pay equality, – Training provided
Employee turnover	Employees who leave the organization voluntarily or due to dismissal, retirement, or death in service.	GRI glossary	Prosperity, Core: Absolute number and rate of employment
Entry level wage	Full-time wage in the lowest employment category Note: Intern or apprentice wages are not considered entry level wages.	GRI 202-1 Glossary	People, Core: Wage Level
Financial assistance	Direct or indirect financial benefits that do not represent a transaction of goods and services, but which are an incentive or compensation for actions taken, the cost of an asset, or expenses incurred. Note: The provider of financial assistance does not expect a direct financial return from the assistance offered.	GRI 201-1	Prosperity, Core: Economic contribution
Forced or compulsory labour	All work and service that is exacted from any person under the menace of any penalty and for which the said person has not offered herself or himself voluntarily. Note 1: The most extreme examples of forced or compulsory labour are slave labour and bonded labour, but debts can also be used as a means of maintaining workers in a state of forced labour. Note 2: Indicators of forced labour include withholding identity papers, requiring compulsory deposits and compelling workers, under threat of firing, to work extra hours to which they have not previously agreed. Note 3: This definition is based on International Labour Organization (ILO) Convention 29, "Forced Labour Convention", 1930.	GRI 409-1 Glossary	People, Core: Risk for incidents of child, forced or compulsory labour People, Expanded: Human rights review, grievance impact & modern slavery
Formal agreement	Written document signed by both parties declaring a mutual intention to abide by what is contained in the documents. Note: A formal agreement can include, for example, a local collective bargaining agreement, or a national or international framework agreement.	GRI 407-1 Glossary	People, Expanded: Freedom of association and collective bargaining at risk
Freedom of association	Right of employers and workers to form, to join and to run their own organizations without prior authorization or interference by the state or any other entity.	GRI 407-1 Glossary WDI 7.2 Definitions	People, Expanded: Freedom of association and collective bargaining at risk
Gender	Gender refers to the roles, behaviours, activities, attributes and opportunities that any society considers appropriate for girls and boys, and women and men. Gender interacts with, but is different from, the binary categories of biological sex	World Health Organization	People, Core: – Diversity & inclusion – Training provided People, Expanded: Pay gap Prosperity, Core: Absolute number and rate of employment

Governance body (alt. governing body)	Committee or board responsible for the strategic guidance of the organization, the effective monitoring of management and the accountability of management to the broader organization and its stakeholders	GRI: 102-22, 205-2, 405-1a, Glossary	Principles of Governance, Core: – Governance body composition – Anti-corruption Principles of Governance, Expanded: Economic, environmental and social topics in capital allocation framework
Greenhouse gases (GHG)	GHGs are the six gases listed in the Kyoto Protocol: carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF_6).	The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition), 2004.	Planet, Core: – Greenhouse Gas emissions – TCFD implementation Planet, Expanded: – Paris-aligned GHG emissions targets – Impact of greenhouse gas emissions
Grievance mechanism	System consisting of procedures, roles and rules for receiving complaints and providing remedy. Note: Effective grievance mechanisms are expected to be legitimate, accessible, predictable, equitable, transparent, rights-compatible and a source of continuous learning. For operational-level mechanisms to be effective, they are expected to be based on engagement and dialogue. For a description of each of these criteria, see Guiding Principle 31 in the United Nations (UN), "Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework", 2011	GRI 408-1 Glossary	People, Expanded: Human rights review, grievance impact and modern slavery
Health promotion	Process of enabling people to increase control over and improve their health. Note 1: The terms "health promotion", "well-being" and "wellness" are often used interchangeably. Note 2: This definition comes from the World Health Organization (WHO), "Ottawa Charter for Health Promotion", 1986	GRI 403-9 (2018), Glossary OSHAS 2018	People, Core: Health & safety
High-consequence work-related injury	Work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.	GRI 403-9 (2018), Glossary	People, Core: Health & safety
Highest governance body	Formalized group of persons charged with ultimate authority in an organization. Note: In instances where the highest governance body consists of two tiers, both tiers are to be included.	GRI: 102-22, 102-35, Glossary	Principles of Governance, Core: – Governance body composition – Anti-corruption Principles of Governance, Expanded: – Remuneration – Economic, environmental and social topics in capital allocation framework
High-potential work-related incident	Work-related incident with a high probability of causing a high-consequence injury. Note: Examples of high-potential incidents might include incidents involving malfunctioning equipment, explosions, or vehicle collisions with a high probability of causing a high-consequence injury.	GRI 403-9 (2018), Glossary	People, Core: Health & safety
Human rights review	Formal or documented assessment process that applies a set of human rights performance criteria.	GRI 412-1 Glossary	People, Expanded: Human rights review, grievance impact & modern slavery

Impact	In the GRI Standards, unless otherwise stated, "impact" refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development. Note 1: In the GRI Standards, the term "impact" can refer to positive, negative, actual, potential, direct, indirect, short-term, long-term, intended, or unintended impacts. Note 2: Impacts on the economy, environment, and/or society can also be related to consequences for the organization itself. For example, an impact on the economy, environment, and/or society can lead to consequences for the organization's business model, reputation, or ability to achieve its objectives.	GRI: 102-47, Glossary	Principles of Governance, Core: Material issues impacting stakeholders
Incident	Occurrence arising out of, or in the course of, work that could or does result in injury and ill health. Note 1 to entry: An incident where injury and ill health occurs is sometimes referred to as an "accident". Note 2 to entry: An incident where no injury and ill health occurs, but has the potential to do so, may be referred to as a "near-miss" "near-hit" or "close call". Note 3 to entry: Although there can be one or more nonconformities related to an incident, an incident can also occur where there is no nonconformity.	ISO 45001:2018	People, Core: Health & Safety People, Expanded: Monetized impacts of work-related incidents on organization
Key biodiversity area (KBA)	KBAs are sites contributing significantly to the global persistence of biodiversity. KBAs are defined by the KBA partnership and can be viewed at: http://www.keybiodiversityareas.org/site/mapsearch	IUCN, A Global Standard for the Identification of Key Biodiversity Areas. Version 1.0, 2016.	Planet, Core: Land use and ecological sensitivity
Lifestyle management	Lifestyle management includes supporting employees with psychological safety, encouraging health assessments, physical and emotional health and well-being, stress management, social connectedness, mindfulness, emotional resilience, making healthy food and physical activity choices easier and supporting smokers to quit.	Embankment Project, EPIC Report (Page: 47)	People, Expanded: Well-being
Living wage	The provision of wages that are "enough to meet basic needs and to provide some discretionary income". In general terms, a living wage is the minimum income necessary for a worker and their family to meet basic needs, including some discretionary income. In many cases, a living wage is considered to be higher than the minimum wage set by national laws.	Shift, "The Human Rights Opportunity", July 2018, p 10	People, Expanded: Living Wage
Local minimum wage	Minimum compensation for employment per hour, or other unit of time, allowed under law. Note: Some countries have numerous minimum wages, such as by state or province or by employment category.	GRI 202-1 Glossary	People, Core: Wage Level
Losses (monetary)	All monetary liabilities to the opposing party or to others (whether as the result of settlement or verdict after trial or otherwise), including fines and other monetary liabilities incurred during the reporting period as a result of civil actions (e.g. civil judgments or settlements), regulatory proceedings (e.g. penalties, disgorgement, or restitution) and criminal actions (e.g. criminal judgment, penalties, or restitution) brought by any entity (e.g. governmental, business, or individual).	SASB: 510a.1	Principles of Governance, Expanded: Monetary losses from unethical behaviour

Materiality	For an interpretation of how we use the word "materiality" in the context of this project, refer to Box 1 in the main report.	World Economic Forum, Bank of America, Deloitte, EY, KPMG, PwC	All pillars
Non-financial information	In this paper, we refer primarily to ESG and sustainability reporting. The term non-financial information (NFI) is also frequently used. Even though NFI lacks a widely accepted definition, it includes information relating to environmental, social and governance (ESG) reporting, corporate social responsibility (CSR), internally generated intangibles (e.g. intellectual property, knowledge, relationships, team work, trust, branding, reputation, technology, etc.) and other value drivers.	Accountancy Europe, "Interconnected Standard Setting for Corporate Reporting", December 2019	All pillars
Operations	"Gate-to-gate": covers activities over which the business has direct operational control, including majority-owned subsidiaries.	Natural Capital Coalition et al, The Natural Capital Protocol, 2016.	Planet, Core: – Land use and ecological sensitivity – Water consumption and withdrawal in water-stressed areas People, Core: Risk for incidents of child, forced or compulsory labour Prosperity, Core: Economic contribution
Other indicators of diversity	Indicator of diversity for which the organization gathers data. Examples of indicators of diversity can include age, ancestry and ethnic origin, citizenship, creed, disability and gender.	GRI Disclosure 405-1 Glossary	People, Core: – Diversity & Inclusion – Pay equality People, Expanded: Pay Gap Prosperity, Core: Absolute number and rate of employment
Recordable work-related injury or ill health	Work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness	GRI 403-10 (2018) Glossary	People, Expanded: Well-being
Remuneration	Basic salary plus additional amounts paid to a worker. Note: Examples of additional amounts paid to a worker can include those based on years of service, bonuses including cash and equity such as stocks and shares, benefit payments, overtime, time owed and any additional allowances, such as transportation, living and childcare allowances.	GRI: 102-35, Glossary	Principles of Governance, Expanded: Remuneration

Research & Development	**Research:** Planned search or critical investigation aimed at discovery of new knowledge with the hope that such knowledge will be useful in developing a new product or service or a new process or technique or in bringing about a significant improvement to an existing product or process. **Development:** Development is the translation of research findings or other knowledge into a plan or design for a new product or process or for a significant improvement to an existing product or process whether intended for sale or use. It includes the conceptual formulation, design and testing of product alternatives, construction of prototypes and operation of pilot plants.	US GAAP definition ASC 730	Prosperity, Core: Total R&D expenses
Scope 1	All direct GHG emissions. Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.; emissions from chemical production in owned or controlled process equipment.	The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition), 2004.	Planet, Core: Greenhouse Gas emissions
Scope 2	All indirect GHG emissions from the consumption of purchased electricity, heat or steam. Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company. Scope 2 emissions physically occur at the facility where electricity is generated.	The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition), 2004.	Planet, Core: Greenhouse Gas emissions
Scope 3	Scope 3 emissions are all indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions. Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Some examples of scope 3 activities are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services.	The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition), 2004.	Planet, Core: Greenhouse Gas emissions
Sector	Subdivision of an economy, society or sphere of activity, defined on the basis of some common characteristic. Note: Sector types can include classifications such as the public or private sector and industry specific categories such as the education, technology, or financial sectors.	GRI: Glossary	Principles of Governance, Core: Integrating risk and opportunity into business process
Senior executive	Top ranking member of the management of an organization that includes a Chief Executive Officer (CEO) and individuals reporting directly to the CEO or the highest governance body. Note: Each organization defines which members of its management teams are senior executives.	GRI: 102-35, Glossary	Principles of Governance, Expanded: Remuneration
Share buybacks	As referenced in IAS 7 – Cash payments to owners to acquire or redeem the entity's shares. As referenced in ASC 230 – Payments of dividends or other distributions to owners, including outlays to reacquire the entity's equity instruments.	IAS 7 Statement of Cash Flows and ASC 230 Statement of Cash Flows	Prosperity, Core: Financial investment contribution

Single-use plastics	Single-use plastic products, often also referred to as disposable plastics products, are products made wholly or partly from plastic and are not conceived, designed or placed on the market to accomplish, within their lifespan, multiple trips or rotations by being returned to a producer for refill or re-used for the same purpose for which they were conceived. Notable examples include plastic packaging, cups for beverages, food containers, lids, cutlery, plates, straws, bags, tobacco filters and disposable face masks.	The European Parliament and The Council of The European Union, Directive (EU) 2019/904 on the reduction of the impact of certain plastic products on the environment, 2019	Planet, Expanded: Single-use plastics
Skill, skill set and skill specialization	Skill – defined as the ability to carry out the tasks duties of a given job – has, for the purposes of ISCO-88 the two following dimensions: – Skill level – which is a function of the complexity range of the tasks and duties involved; and – Skill specialization – defined by the field of knowledge required, the tools and machinery used, the materials worked on or with, as well as the kinds of goods and services produced. The above-mentioned definition is adopted/referenced from ILO. However, the organizations can use the definition for "skilled" in the region they operate-in.	ILO Convention, ISCO-88 (conceptual framework)	People, Expanded: Number of unfilled skilled positions
Social/societal cost of carbon	Estimated as the net present value of climate change impacts over the next 100 years (or longer) of one additional tonne of carbon emitted to the atmosphere today. It is the marginal global damage costs of carbon emissions.	Organisation for Economic Co-operation and Development (OECD), Paul Watkiss, The Social Cost of Carbon, 2005.	Planet, Expanded: Impact of greenhouse gas emissions
Stakeholder	Entity or individual that can reasonably be expected to be significantly affected by the reporting organization's activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. Note 1: Stakeholders include entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization. Note 2: Stakeholders can include those who are invested in the organization (such as employees and shareholders), as well as those who have other relationships to the organization (such as other workers who are not employees, suppliers, vulnerable groups, local communities and NGOs or other civil society organizations, among others).	GRI: 102-21, 102-43, 102-47, 102-22, 205-3, Glossary	Principles of Governance, Core: – Setting Purpose – Governance body composition – Anti-corruption – Material issues impacting stakeholders
Supplier	Organization or person that provides a product or service used in the supply chain of the reporting organization. Note 1: A supplier is further characterized by a genuine direct or indirect commercial relationship with the organization. Note 2: Examples of suppliers can include, but are not limited to: brokers, consultants, contractors, Distributors, Franchisees or licensees, Home workers, Independent contractors, Manufacturers, primary Producers, Sub-contractors, wholesalers.	GRI 408-1 Glossary	People, Core: Risk for incidents of child, forced or compulsory labour People, Expanded: Human rights review, grievance impact & modern slavery

Termination payment	All payments made and benefits given to a departing executive or member of the highest governance body whose appointment is terminated. Note: Termination payments extend beyond monetary payments to the giving of property and the automatic or accelerated vesting of incentives given in connection with a person's departure from office.	GRI: 102-35, Glossary	Principles of Governance, Expanded: Remuneration
Topic	Economic, environmental or social subject. Note 1: In the GRI Standards, topics are grouped according to the three dimensions of sustainable development: economic, environmental and social. Note 2: To prepare a report in accordance with the GRI Standards, an organization is required to report on its material topics.	GRI: 102-21, 102-22, 102-35, 102-47, Glossary	Principles of Governance, Core: – Governance body composition – Material issues impacting stakeholders Principles of Governance, Expanded: Remuneration
Training	Training refers to: – All types of vocational training and instruction – Paid educational leave provided by an organization for its employees – Training or education pursued externally paid for in whole or in part by an organization – Training on specific topics, reskilling of employees as per market requirements Training does not include on-site coaching by supervisors.	GRI 404-1 Guidance	People, Core: Training Provided People, Expanded: Monetized Impacts of Training
Under-represented social group	Population that, relative to its numbers in a given society, has less opportunity to express its economic, social, or political needs and views.	GRI: 102-22, Glossary	Principles of Governance, Core: Governance body composition
Unfilled positions	If a skilled position is vacant for a period of 90 days and above, then it is considered to be "unfilled".	Expert judgement	People, Expanded: Number of unfilled skilled positions
Upstream	"Cradle-to-gate": covers the activities of all direct and indirect suppliers, including production and extraction of raw materials and provision of energy.	Adapted from Natural Capital Coalition et al., The Natural Capital Protocol, 2016.	Planet, Core: – Greenhouse Gas emissions – Water consumption and withdrawal in water stressed areas
Value chain	The full value chain includes upstream, direct operations and downstream: Upstream (cradle-to-gate): covers the activities of all direct and indirect suppliers, including production and extraction of raw materials and provision of energy. Direct operations (gate-to-gate): covers activities over which the business has direct operational control, including majority-owned subsidiaries. Downstream (gate-to-grave): covers activities linked to the purchase, use, reuse, recovery, recycling and final disposal of the business' products and services.	Natural Capital Coalition et al., The Natural Capital Protocol, 2016.	Planet, Core: Water consumption and withdrawal in water-stressed areas Planet, Expanded: – Impact of greenhouse gas emissions – Impact of freshwater consumption and withdrawal – Nutrients – Impact of water pollution – Impact of land use and conversion – Air pollution – Impact of air pollution – Single use plastics – Impact of solid waste disposal
Water consumption	Water consumption is defined as: Water that evaporates during withdrawal, usage and discharge; Water that is directly or indirectly incorporated into the entity's product or service; Water that does not otherwise return to the same catchment area from which it was withdrawn, such as water returned to another catchment area or the sea.	SASB (CG-HP-140a.1.)	Planet, Core: Water consumption and withdrawal in water-stressed areas Planet, Expanded: Impact of freshwater consumption and withdrawal

Water withdrawal	Sum of all water drawn from all sources including surface water (including water from wetlands, rivers, lakes and oceans), groundwater, rainwater collected directly and stored by the entity, and water and wastewater obtained from municipal water supplies, water utilities, or other entities.	SASB (CG-HP-140a.1.)	Planet, Core: Water Consumption and withdrawal in water-stressed areas
Worker	Person who performs work. Note 1: The term "workers" includes, but is not limited to, employees. Note 2: Further examples of workers include interns, apprentices, self-employed persons and persons working for organizations other than the reporting organization, e.g. for suppliers	GRI 403-9 (2018) Glossary	People, Core: Health & Safety People, Expanded: Well-being
Work-related injury or ill health	Negative impacts on health arising from exposure to hazards at work. Note 1: This definition is based on the International Labour Organization (ILO), Guidelines on Occupational Safety and Health Management Systems, ILO-OSH 2001, 2001. Note 2: "Ill health" indicates damage to health and includes diseases, illnesses and disorders. The terms "disease", "illness" and "disorder" are often used interchangeably and refer to conditions with specific symptoms and diagnoses. Note 3: Work-related injuries and ill health are those that arise from exposure to hazards at work. Other types of incident can occur that are not connected with the work itself. For example, the following incidents are not considered to be work related: – A worker suffers a heart attack while at work that is unconnected with work; – A worker driving to or from work is injured in a car accident (where driving is not part of the work and where the transport has not been organized by the employer); – A worker with epilepsy has a seizure at work that is unconnected with work. Note 4: Traveling for work: Injuries and ill health that occur while a worker is traveling are work related if, at the time of the injury or ill health, the worker was engaged in work activities "in the interest of the employer". Examples of such activities include traveling to and from customer contacts; conducting job tasks; and entertaining or being entertained to transact, discuss, or promote business (at the direction of the employer). Working at home: Injuries and ill health that occur when working at home are work related if the injury or ill health occurs while the worker is performing work at home and the injury or ill health is directly related to the performance of work rather than the general home environment or setting. Mental illness: A mental illness is considered to be work related if it has been notified voluntarily by the worker and is supported by an opinion from a licensed healthcare professional with appropriate training and experience stating that the illness is work related.	GRI 403-9 (2018), Glossary	People, Core: Health & safety

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