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**Intergovernmental Working Group of Experts on  
International  
Standards of Accounting and Reporting  
(ISAR)**

**36th SESSION**

30 October – 1 November 2019  
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Thursday, 31 October 2019  
Morning Session

**Agenda item 3. Practical implementation, including  
measurement, of core indicators for entity reporting on the  
contribution towards the attainment of the Sustainable  
Development Goals: Review of case studies**

Presented by

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# Non-financial reporting

## UK experience

Presentation by: Alan McGill



# Key findings

Improved corporate transparency

Investors show increasing interest in non-financial risks

Focus company attention on their strategic purpose

Striking a balance between materiality / relevance, and comparability of reporting, and in ensuring consistent quality

Non-financial reporting to align with reporting frameworks such as the UN Sustainable Development Goals



## Key findings (continued)

Administrative burden for some yet others were positive about the effects of the regulations:

- on their reputation
- employee engagement
- diversity

Over half of respondents felt that each of seven stakeholders (current investors, prospective investors, trading partners, civil society, competitors, regulators, and the general public) used the non-financial reporting



## Key findings - giving greater prominence to non-financial

Nearly  
4/10th

of companies  
found the regulations  
easy to implement

60%

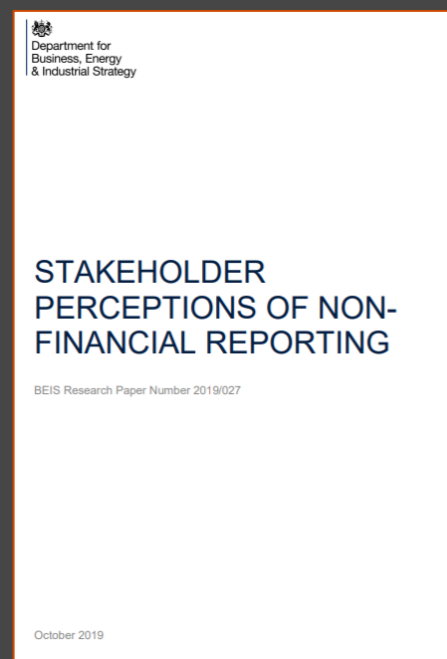
of companies felt the  
regulations benefited  
their organisation

Nearly  
50%

of companies used  
non-financial  
information to manage  
risk or set strategy

1/3rd

of companies reported  
using the information to  
change the way they  
operated



## PwC – FTSE350 review of Non-financial reporting S172

82%

of companies have identified their stakeholders

56%

of companies have identified their stakeholders other than employees

61%

of companies indicate their value created is more than just financial

38%

of companies did **not** include a non-financial information statement as required by Companies Act 2006

# Reporting in practice

## Associated British Foods 2018



A short statement of compliance, but real detail addressing the non-financial reporting directive is located within the report.

**Case study: Twinings' work to assess risks to human rights**  
The scope and size of Twinings' Social Impact Team has grown year-on-year, allowing the business to devote more resources to assessing working conditions associated with the supply of high-profile and high-risk commodities.

The team recently worked with a global sustainability organisation to undertake a human rights assessment of its whole operations and supply chain. They worked with human rights experts to map Twinings' value chain against every human rights risk (as defined in the International Bill of Rights) and consider how each group could be negatively impacted. This was complemented and enhanced with a thorough document review and interviews to explore how human rights risks manifest in specific areas of the value chain.


Over the coming year, Twinings will review and integrate the recommendations in the report to attempt to mitigate the salient risks identified. In addition, it continues to address these issues through its Sourced with Care programme which aims to improve the quality of life in the communities from which it sources.

**Case study: Increased transparency at Primark**

As it does not own any factories, Primark's suppliers manufacture products on its behalf. Primark is very selective about who it works with and, to ensure its products meet its high ethical and environmental expectations, every factory that supplies to it must commit to meeting internationally recognised standards before the business places an order.

This year, it published information about the factories which manufacture products for Primark on its website. The factories featured on Primark's Global Sourcing Map are Primark's suppliers' production sites which represent over 95% of Primark products for sale in Primark stores. A factory is detailed on the Map only after it has produced products for Primark for a year and has become an established supplier. The Global Sourcing Map includes information about suppliers' factories in the 28 countries from which Primark sources product and includes details of individual factory names, addresses as well as the number of workers and gender split of the workforce.

You can find the map via this link:

 [www.primark.com/en/our-ethics/people-production/global-sourcing-map](http://www.primark.com/en/our-ethics/people-production/global-sourcing-map)

**Case study: Understanding risks of modern slavery in our Sugar businesses**

Our Sugar businesses have undertaken a mapping exercise to identify the potential modern slavery risks. This is a consequence of previous mapping and risk identification processes working with experts, customers and local stakeholders. The mapping identified areas in each business's value chain which have potential risks:

- British Sugar – Bought-in products;
- Azucarera – Purchasing of raw cane sugar for its refinery in Guadalete;
- Illovo Sugar Africa – Services supplied to our growers; and
- AB Sugar China – Services supplied to our growers.

In addition to their readiness to work with stakeholders and communities, they will give additional focus to these potential risk areas above, working with the individual businesses in the region and continue to update our knowledge through risk mapping to reflect emerging challenges in the future.

## HUMAN RIGHTS AND SOCIAL

**The group's intention has always been to do the right thing for our people and the wider community. Examples of how this works in practice can be found in the 2018 Corporate Responsibility Update.**

### Human rights

We provide opportunities that promote human rights and dignity every day through the employment we create, both directly and indirectly in our global supply chains, and through the positive contribution our products make to people's lives.

We engage and collaborate with a broad range of interested and concerned stakeholder groups, seeking to remain sensitive to the risks of adverse human rights impacts resulting from our products, services and operations. While respecting all human rights throughout the business, including those relating to working conditions and employment, we know we must focus our efforts where we have the greatest potential or actual

impact. Last year, in alignment with the United Nations Guiding Principles on Business and Human Rights (UNGPs) we shared detail of our activities to respect human rights through our operations, supply chain and business relationships.

Our approach to human rights is set out in our groupwide Modern Slavery and Human Trafficking Statement and is primarily led by our Supplier Code of Conduct and Whistleblowing Policy.

This year, we are pleased that more of our businesses have produced independent statements in accordance with the UK Modern Slavery Act. Furthermore, many of them are openly engaging with a range of stakeholders on issues relating to human rights. You can find links to all of these statements via the Responsibility pages of our website:

 [www.abf.co.uk/responsibility](http://www.abf.co.uk/responsibility)

Many of our businesses have engaged in activities that align with the



internationally recognised framework of the UNGPs:

- **Policy:** AB Agri published a human rights policy outlining its commitment to respecting human rights. Primark updated its supplier code of conduct to encompass more stringent criteria surrounding human rights.
- **Due diligence:** Twinings has sought to understand the actual and potential human rights risks throughout the value chain and our Sugar businesses conducted due diligence to understand the different risks across their various operations (see case studies).
- **Remedy:** Over the last few years, Primark has been working to review, revise and improve its approach to remedy and the grievance mechanisms it has to offer.

### Non-financial reporting information statement

The Companies Act 2006 requires the Company to disclose certain non-financial reporting information within the annual report and accounts. Accordingly, the disclosures required in the Company's Non-financial information statement can be found on the following pages in the Strategic report (or are incorporated into the Strategic report by reference for these purposes from the pages noted):

- Information on our Anti-bribery and Corruption Policy (page 58)
- Information on our Whistleblowing Policy (page 58 and page 78 in the Audit committee report)
- Information on our approach to human rights (page 59)
- Information on social matters (page 59)\*
- Information on our Environment Policy (page 54)\*
- Information on our employees (page 56)
- Information on diversity (page 57 and page 75 in the Nomination committee report)

\* Further information on these can also be found in the 2018 Corporate Responsibility Update.

# Good practice reporting

## NFI statement: CYBG 2018



Index style table used to make the compliance statement with specific cross references to the areas in the report where each content area is covered.

### Non-financial information statement

We aim to comply with the new non-financial reporting requirements contained in Sections 414CA and 414CB of the Companies Act 2006. The table below, and the information it refers to, is intended to help stakeholders understand our position on key non-financial matters.

Reporting requirement	Policies and standards which govern our approach	Risk management and additional information	
<b>Environmental matters</b>	Environmental Reporting Policy	Environment, page 30	
<b>Employees</b>	Employee Conduct Policy; Fit and Proper Policy; Health and Safety Policy; Whistleblower Policy; Physical and Personal Security Policy; Inclusion Policy	Colleagues, pages 26-27 Our culture, page 28 Gender Pay Gap, page 29 Corporate governance report, pages 62-67	Audit Committee report, page 72
<b>Human rights</b>	Modern Slavery Statement; Privacy and Data Protection Policy; Information Security Policy; Data Management Policy	Modern Slavery Act, page 31 Corporate governance report, pages 62-67 Risk Committee report, pages 79-83	Risk report, page 121 Financial Crime risk, page 168
<b>Social matters</b>	Corporate Responsibility Policy; Political Contact, Communications and Donations Policy; Responsible Lending Policy; Sanctions and Embargo Policy	Community, pages 26-27 Corporate Governance report, pages 62-67 Directors' report, page 116	
<b>Anti-corruption and anti-bribery</b>	Anti-Bribery and Corruption Policy; Anti-Money Laundering and Counter Terrorist Financing Policy; Preventing Fraud and Cyber-Enabled Crime Policy	Corporate governance report, pages 62-67 Financial crime risk, page 168	
<b>Policy embedding, due diligence and outcomes</b>		Risk overview, pages 16-17	Risk report pages 121-170
<b>Description of principal risks and impact of business activity</b>		Risk overview, pages 16-17 How we create value, pages 12-13	Principal risks, page 17
<b>Description of the business model</b>		Group at a glance, page 2	How we create value, pages 12-13
<b>Non-financial key performance indicators</b>		Strategy and performance, pages 14-15 Operational review, pages 20-24	Delivering to our stakeholders, pages 26-29 Environment, page 30



# SDGs and Corporate reporting



72%

of companies mention the SDGs in their annual corporate or sustainability report



60%

of companies attempted to align their strategy with SDGs



69%

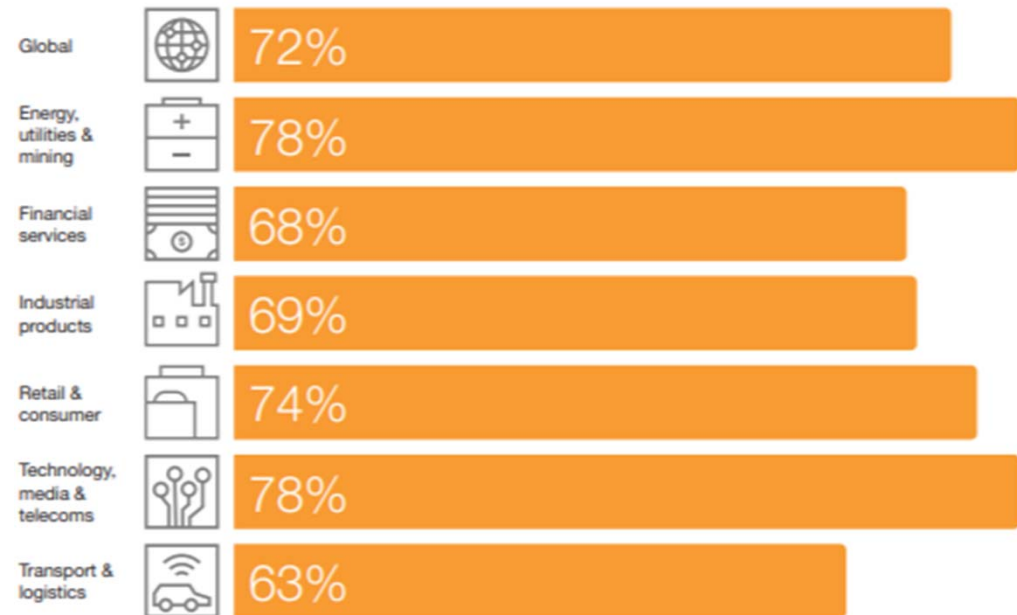
of companies mention how their business impacts on the SDGs



12%

of companies disclosed targets with a quantitative ambition

## Percentage of companies that mention the SDGs in their reporting



► <https://www.pwc.com/gx/en/sustainability/SDG/sdg-reporting-2018.pdf>



# Get in touch

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