

Impacts, outcomes and integration of financial and non-financial information

Paul Druckman

Chairman, World Benchmarking Alliance

8th Colloquium



3rd November 2022

Jack

Session outline

- a) Integration of what?
- b) The role of business
- c) Benchmarking and its role
- d) <IR> and its role in the future



$$\int x^n dx = \frac{1}{n+1} x^{n+1} + c$$

Example:

$$\int x^5 dx = \frac{1}{6} x^6 + c$$

Handwritten signature

I'm so excited.



- **mandatory** sustainability reporting standards
- **Global/International** financial and non-financial standards **incorporating the <IR> Framework**



I'M SO EXCITED!

GIFsBOOM
.net

Jacke

Impacts, outcomes and integration of financial and non-financial information

OUTCOMES : (mentioned 41 times in the current <IR> Framework)

- 2.25 **Outcomes** are the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs.
- 3.30 Risks, opportunities and **outcomes** attributable to or associated with other entities/stakeholders beyond the financial reporting entity **that have a significant effect on the ability of the financial reporting entity to create value.**

VALUE : "Creating value over time" – **value** mentioned 126 times (**values** 5 times)

IMPACT: mentioned once in the <IR> Framework

EU Corporate Sustainability Reporting Directive :

".....will now be better informed about the **impact** of business on human rights and the environment

..but data does not in itself mean accountability



science shows that we

have **2,616** days, and about **60** board meetings (6p.a.), to halve global emissions and keep the global temperature rise within 1.5°C.

3rd November 2022

Value created versus SDG's

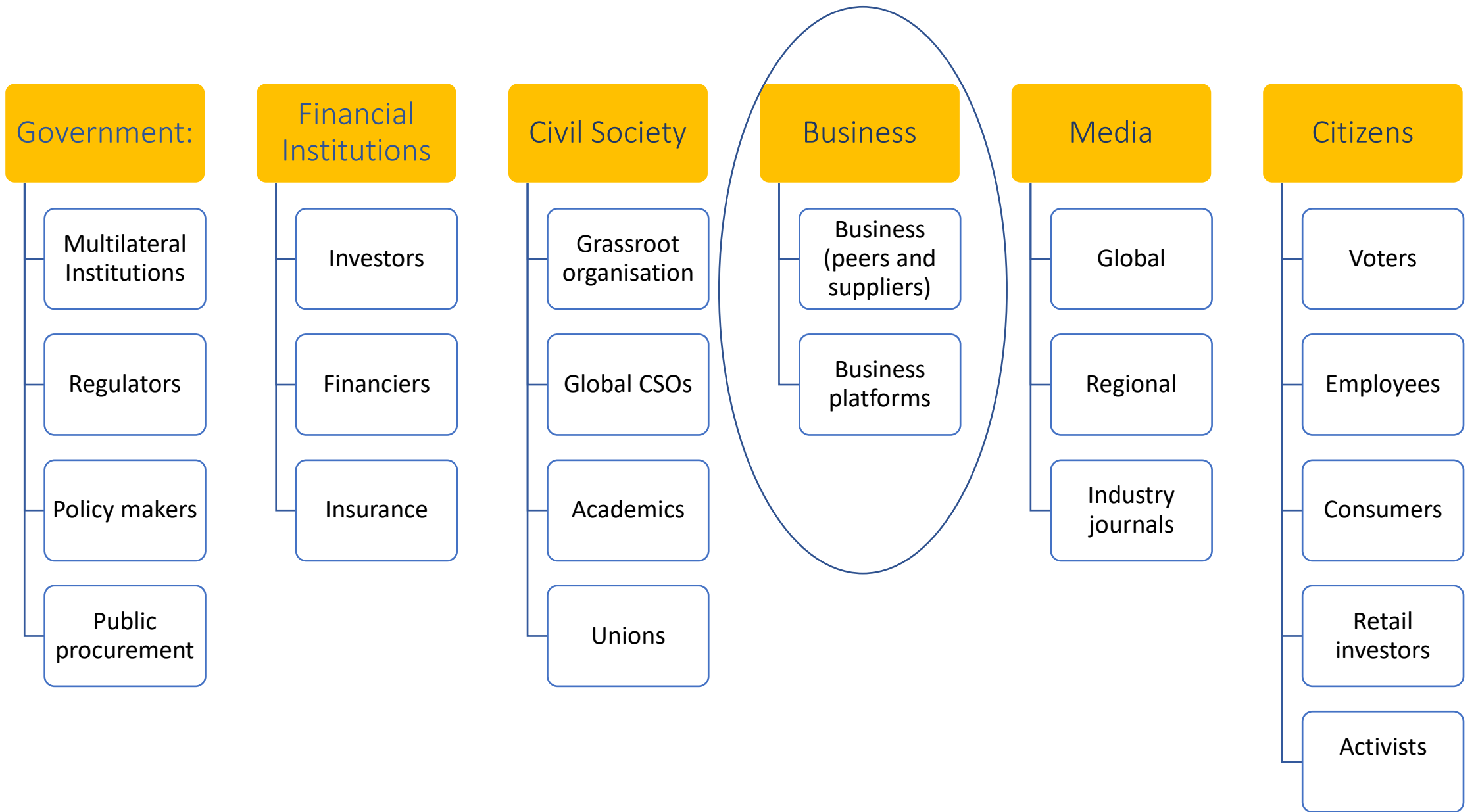
Outputs versus Outcomes versus Impacts

ESG versus sustainability

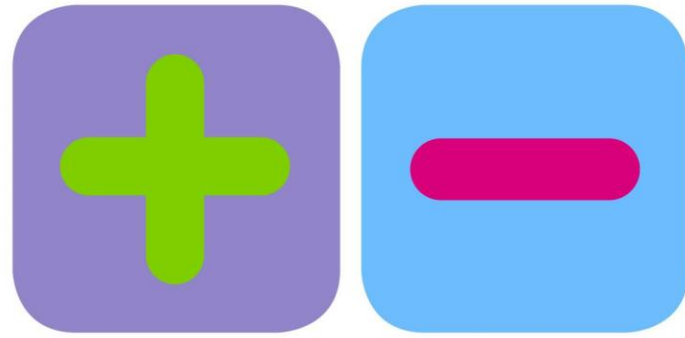
Purpose movement versus woke capitalism & ESG debate esp. in the USA

corporate accountability mechanism?

A handwritten signature in black ink, appearing to read 'Joko', located in the bottom right corner of the slide.



Handwritten signature



Positive examples:

- Edelman barometer
- Chapter Zero
- Patagonia

Boards' grip on climate change left wanting

The PwC [2022 Annual Corporate Directors Survey](#) :

- just **45% of directors** see a connection between ESG and company bottom-line,
- while **only 11%** believe ESG expertise is important for the board.

- [Elon Musk's condemning of ESG](#)



“an accountability mechanism for the SDG’s”

Envision a society that values the success of business by what it contributes to society

- **Keystone companies; the SDG2000**
- **Benchmarks and rankings – free & transparent**
- **7 systems transformations**





“an accountability mechanism for the SDG’s”

Transport Benchmark

a high-emitting sector that accounts for a staggering 37% of total greenhouse gas (GHG) emissions among all end-use sectors.

- **90 assessed companies**
 - 66% (59) do not engage with suppliers on environmental issues beyond integrating climate change issues into the supplier code of conduct
 - on average only about 0.3% of total transport-related revenues are reinvested in low-carbon technology and fuel R&D
 - Alarmingly, all companies score 0 on just transition planning, placing a workforce of around 10 million people at risk, plus millions of people due to the impacts.
-
- 1st: 47.8: ComfortDelGro Corporation – Singapore
 - 2nd : 46.7 - La Poste - France



“an accountability mechanism for the SDG’s”

This second iteration of the **Digital Inclusion Benchmark** measures and ranks **150** of the world’s most influential technology companies on their responsibility to advance a more inclusive digital society.

- Just **20 out of 150** commit to **publicly available principles for ethical AI**
- only **12 out of the 150 companies assessed published an impact assessment** for one or more of their initiatives.
- **Diversity in tech roles**: female 23%, male 77%
- **only 15 out of 150 companies disclose** that they have the basic processes in place **to identify, assess, and integrate human rights risks and impacts** in their business practices

1st Telefonica 89.5
2nd Orange 79.5

..>50 = 27 companies scored 50 or above

..<45 = 40 companies

...<30 = 33 companies

...<20 = 38 companies

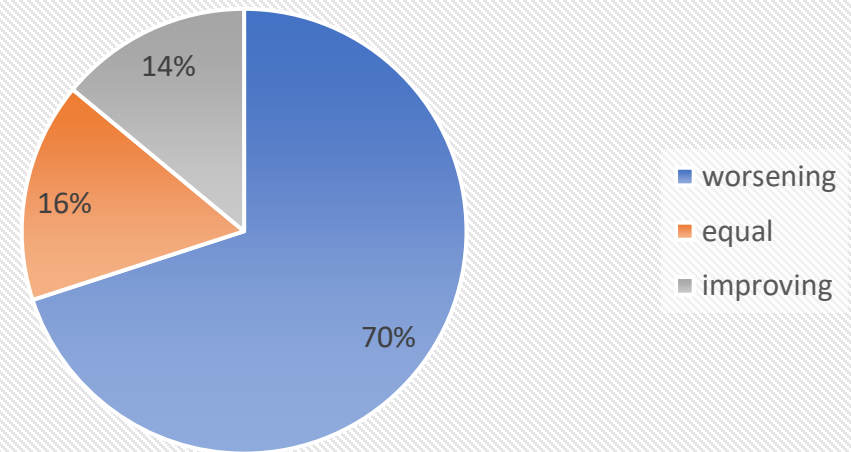
“an accountability mechanism for the SDG’s”

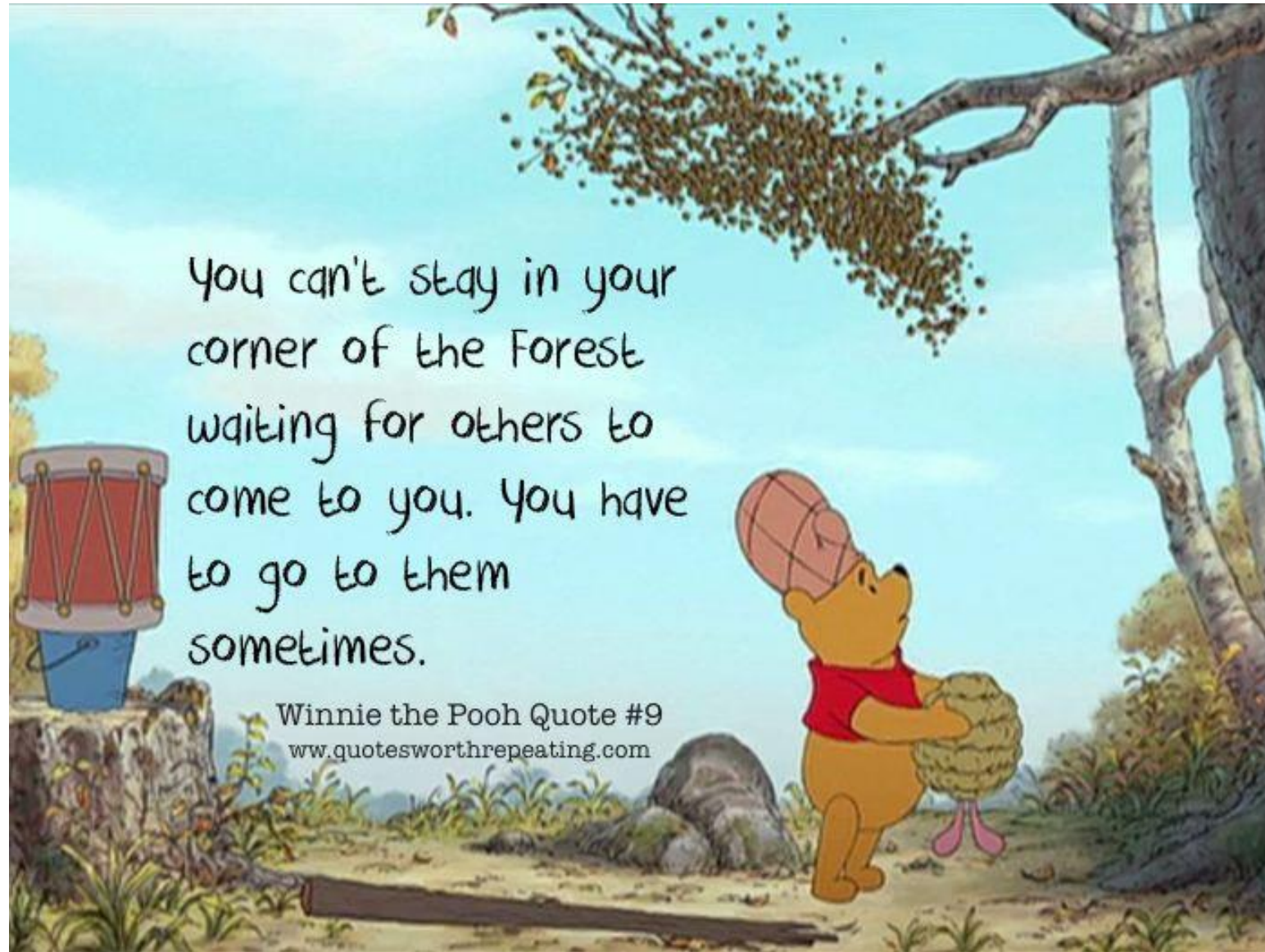
2021 **Electric Utilities** Benchmark
Measuring the 50 most influential companies on their progress to 1.5°C

- Company trend scores on the path to decarbonisation, 2020 benchmark compared to 2021
- **47 of the 50 companies** assessed have not aligned their targets with their 1.5°C pathway

1st Orsted 96.4
2nd SSE 84.3
...36 companies below 50

Decarbonising Electric Utilities
companies
2020 compared to 2021

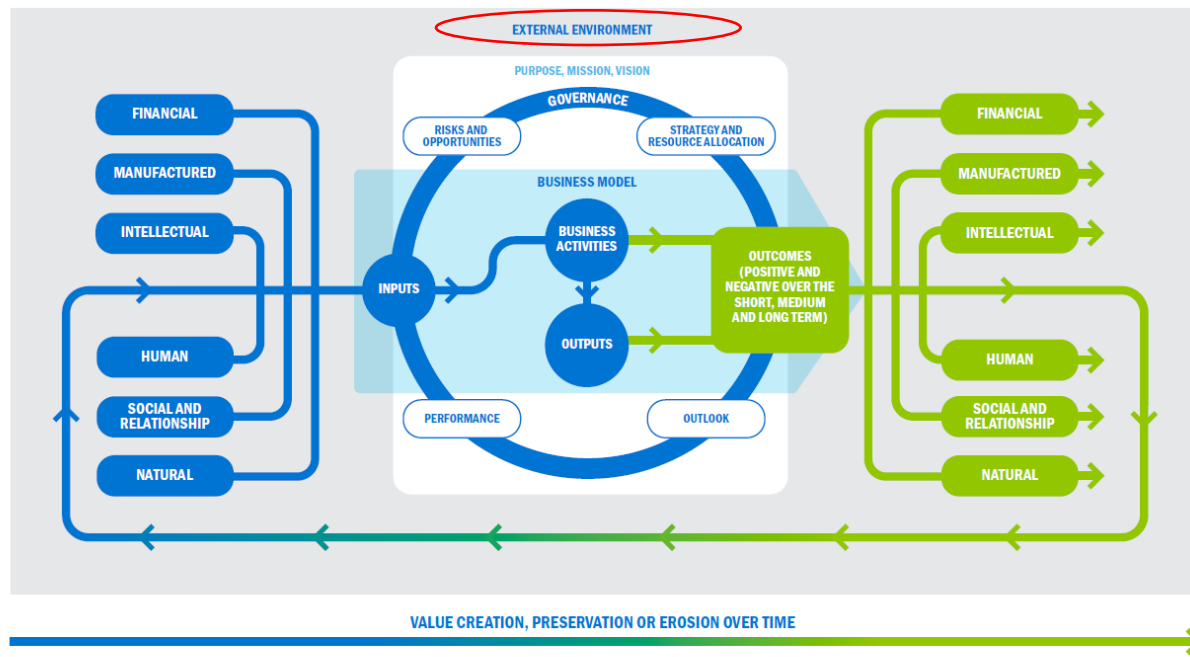




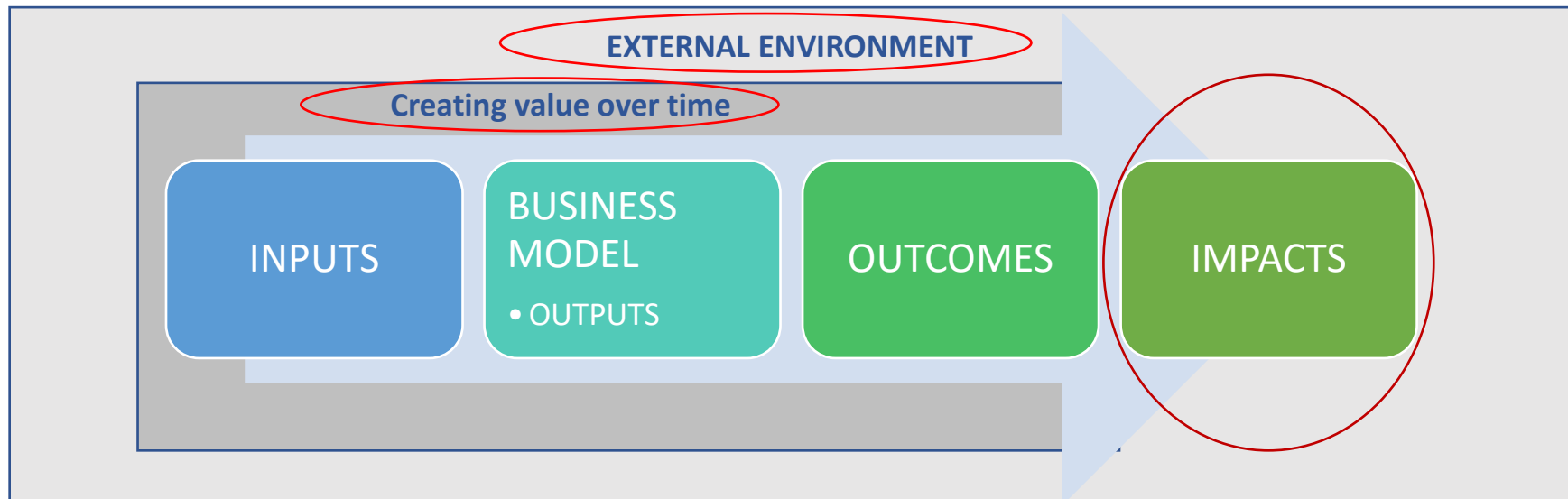
You can't stay in your corner of the Forest waiting for others to come to you. You have to go to them sometimes.

Winnie the Pooh Quote #9
www.quotesworthrepeating.com

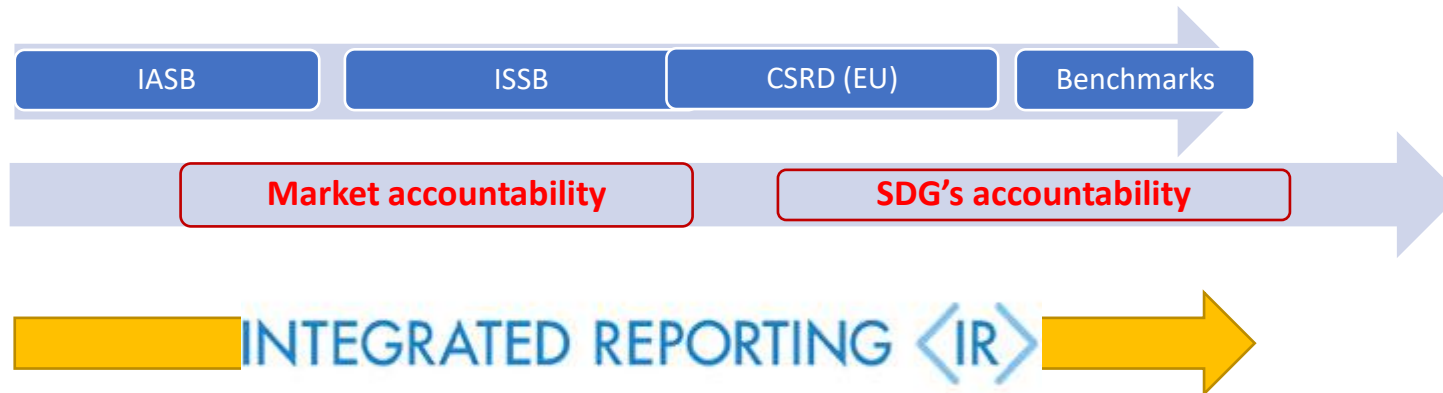
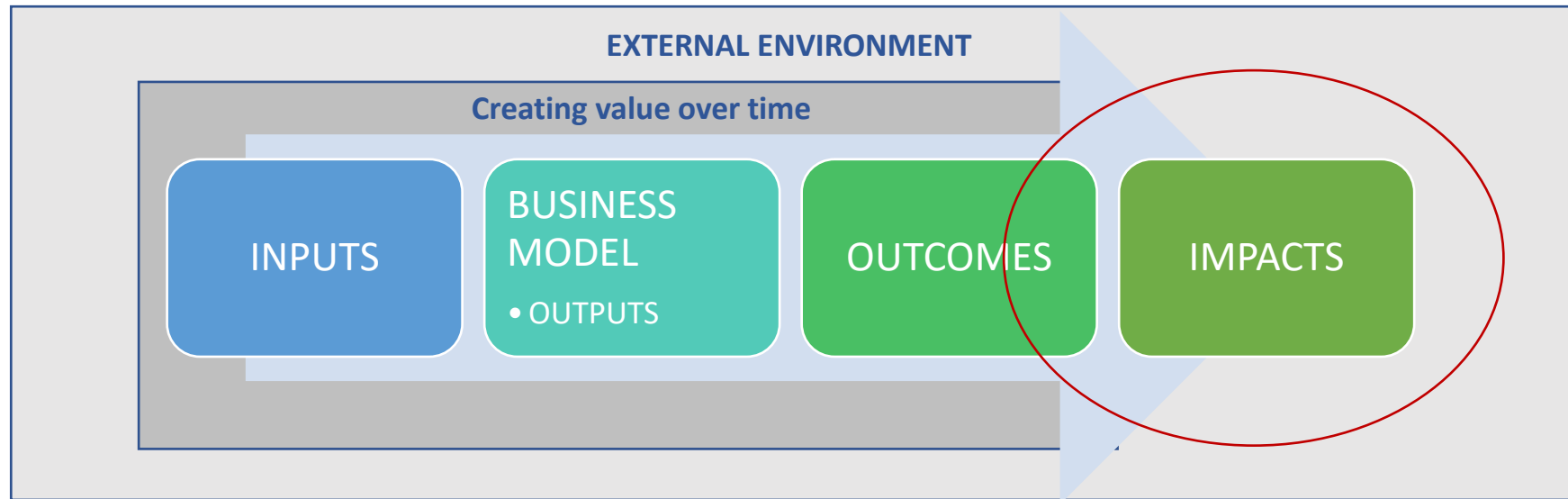
Leadership



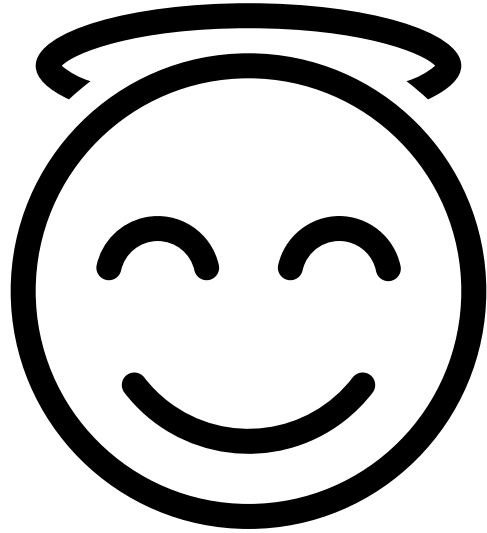
www.integratedreporting.org



Handwritten signature



Handwritten signature



Focus and use of **ESG** in everyday context in the capital markets and corporations

Bigger players providing **services and applications** for financial reporting concentrating on ESG

Organisations such as the *GGA and the ESG Exchange being created and supported
(*Good Governance Academy)



- **mandatory** sustainability reporting standards
- **Global/International** financial and non-financial standards incorporating the **<IR> Framework**

Paul Druckman

Chairman, World Benchmarking Alliance

p.druckman@worldbenchmarkingalliance.org

$$\int x^n dx = \frac{1}{n+1} x^{n+1} + c$$

Example:

$$\int x^5 dx = \frac{1}{6} x^6 + c$$

