“Let’s Scale Up European Transparency with the MIA Tool!”

15th October 2015, 14:00 CEST

This webinar will start shortly...
Technical information

• During the webinar, you will be on mute to minimise audio noise.

• If you have trouble hearing or have any technical problems it often helps to refresh the link or to log in again

• During the presentation, if you have any questions/feedback, please use the “chat” function or email Adrian Braz at csr5@csreurope.org
Objectives

• CONTRIBUTE to Europe’s leading position of the global sustainability movement
• LEARN about the MIA tool
• FIND OUT how you can become licensed to influence your local corporate community to become more mature and integrated and comply with the Directive
<table>
<thead>
<tr>
<th>TIME</th>
<th>AGENDA</th>
<th>SPEAKER</th>
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<tbody>
<tr>
<td>14.00 – 14.05</td>
<td>Welcome - Background</td>
<td>Aron Horvath, Project Manager CSR Europe</td>
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<tr>
<td>14:05 – 14:15</td>
<td>The Vision of Europe Leading the Global Sustainability Movement</td>
<td>Jan Noterdaeme, Advisor External Relations, CSR Europe</td>
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<td>14:15 – 14:30</td>
<td>Making the Vision a Reality in Sweden</td>
<td>Ola Löhman, Project leader MIA-tool CSR Sweden</td>
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<td>14:30 – 14:45</td>
<td>How the MIA tool works</td>
<td>Aron Horvath</td>
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<td>14:45 – 15:00</td>
<td>Q&amp;A</td>
<td>All</td>
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Welcome - Background

Aron Horvath

Project Manager, CSR Europe
Usability Opinions from Pilot

“The Management and Integration Assessment (MIA) Benchmark revealed new elements to be improved in sustainability management.” Afroditi Sylla, Investor Relations Officer, Titan

“The MIA workshop discussions with peers from different sectors were very useful”
Benedicte Corbier, Sustainable Development Manager, Michelin

“Good third party check of processes.”
Pierre Coers, HSE Sustainability Stakeholders Relations, Solvay
The Vision of Europe Leading the Global Sustainability Movement

Jan Noterdaeme
Advisor External Relations, CSR Europe
Directive is a step forward, but not enough to improve transparency & competitiveness: capacity building needed

- European legal level-playing field in non-fin reporting created by the Directive
- Result: more companies reporting in EU (6k out of 18k potential)
- Monitoring and improvement of reporting and management quality missing

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td><strong>ADOPTION</strong></td>
<td>✔ 5 December 2014</td>
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<td>EU Directive on NFID comes into force</td>
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<td><strong>TRANSPOSITION</strong></td>
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<td></td>
<td>The Directive mandates 24 months for transposition into national law</td>
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<td><strong>NON-BINDING GUIDELINES</strong></td>
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<td>The Directive mandates the EC to prepare general &amp; sectoral KPIs in the form of non-binding guidelines</td>
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<tr>
<td><strong>CAPACITY BUILDING OF COMPANIES</strong></td>
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<td>✔ Latest 2018</td>
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<td>Companies to start reporting on 2017 activities</td>
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<td><strong>REPORTING</strong></td>
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<td>EC to release a review report with possible new legislative proposals</td>
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<td>✔ 21 July 2018</td>
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<td>EC to release a review report with possible new legislative proposals</td>
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Capacity building is a key element to improve transparency and sustainability management. Our proposal provides solution to monitor & measure the evolution of this improvement & the correlation between transparency and European companies’ competitiveness.
How to ensure a 12X increase in smart, impactful non-fin reporting within 15 months when current capacity-building measures are scarce and atomized?

The Directive requires a large number of companies to do a lot more on non-financial management & reporting.

Without a European capacity-building tool the risks are high:
1. Reporting will be externalized and generating unnecessary costs
2. The European Directive could lead to mandatory window-dressing reports
Making the Vision a Reality in Sweden

Ola Löhman
Project leader MIA-tool, CSR Sweden
Making the Vision a Reality in Sweden

Ola Löhman, Projet leader MIA-tool, CSR Sweden
Sweden

1. Silent

2. Reporting basically understood as a PR opportunity

3. Relative low level of understanding and competence on materiality

4. Larger scope – 2 000 companies
materiality

- A social / external issue, area, relation and/or situation is financially material to a company if the company's management express that it is material to their ability to produce financial results over the short, medium or long-term.

1. How and why economics transform into financials
2. The financial consequences of the transformation
3. The maturity of the ability to manage the transformation from economics to financials.
ANYTHING THAT AFFECT THE FORMULA IS FINANCIALLY MATERIAL TO ANY BUSINESS

EXPOSURE

1. Markets
2. Substitutes
3. Costs

ABILITY

1. F C F F - cashflow
2. W A C C - cost of capital

RESULT

3. D C F – discounted cashflow
The directive

1. The business model
   – How a company produce money

2. Policy
   – How a company can be expected to behave socially

3. Risk
   – The chance that an investments actual return will be different than expected

4. Comply or explain
### Materiality

*how economics transfer to financials*

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<thead>
<tr>
<th>EXPOSURE</th>
<th>ABILITY</th>
<th>RESULT</th>
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<td>Markets</td>
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<td>Substitutes</td>
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<td>Social friction</td>
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<td>Social transaction costs</td>
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<td>1. <strong>F C F F</strong> - cash flow</td>
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<td>• <strong>Social policy</strong></td>
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<td>• <strong>Social competence</strong></td>
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<td>• In practice</td>
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<td>• <strong>Social management systems</strong></td>
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<td>• <strong>Communication</strong></td>
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<td>• External</td>
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<td></td>
<td>2. <strong>W A C C</strong> - The cost of capital</td>
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<td></td>
<td>3. <strong>D C F</strong> – discounted cash flow</td>
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Sustainability Management Maturity and Integration (MIA) Benchmark Tool
PART I. Materiality

- Purpose of your materiality assessment
- Level and scope
- Stakeholder mapping
- Issue identification
- Issue prioritization
- Representation of material topics
- Validation of internal issue prioritization
- Review regularity
MIA
Report Structure

- A3 management report format
- Overview and benchmark results for both Maturity and integration on first page
- Details of maturity performance and grading system for maturity on page 2, for integration on page 3
Sweden

Maturity and Integration of Sustainability Management Benchmark Report

Background/Context: Large companies in Europe will be required to manage and report on non-financial sustainability performance by 2020 through the EU Directive on Non-Financial Information Disclosure. Recent studies show, however, that such performance management needs improvement. This tool provides companies with a solution to assess and benchmark the level of maturity and integration of their sustainability management in order to better understand and communicate internally improvement areas. Key metrics are based on GRI-G4 aspects, CSR Europe member companies' self-assessment and linked to requirements of the EU Directive on Non-Financial Information Disclosure.

Methodology/Scoring Maturity of Sustainability Management:
The assessment measures the maturity of non-financial sustainability management processes in two parts: I. Maturity Analysis and II. Management of Key Metrics. In Part I, the questions refer to how robust and credible the analysis of material issues is, which has an effect on resource allocation and management maturity.

In Part II, the questions refer to the 3 categories: 1) formal commitments (policy), 2) performance management and 3) reporting, which points the overall management maturity of key metrics.

All questions are graded on a scale of five ranging from 0 to 4 points according to maturity levels defined for each question. In the final assessment, Part I has a weight of 25% and Part II, a weight of 75%.

Methodology/Scoring Integration:
The assessment measures the integration of non-financial/sustainability management processes in three parts: III. Integration of Sustainability, IV. Sustainability Governance and V. Capacity building for Integration.

In Part III, the questions refer to how the company integrates non-financial/sustainability in its vision, strategy, risk assessment and horizon 1 mapping stakeholder expectations?

In Part IV, the questions refer to the structure of sustainability governance and which functions are responsible for the strategy's implementation.

In Part V, we ask companies to explain how they engage in capacity building internally and in their supply chain to improve sustainability performance. All questions are graded on a scale of five ranging from 0 to 4 points according to maturity levels defined for each question. In the final integration rate, Part I has a weight of 40%, Part II 20%, and Part V 39% according to the number of questions in each part.

Detailed Results Integration:

Sustainability Vision
  - Mapping stakeholder expectations
  - Strategy
  - Risk Assessment

Governance structure
  - Sustainability Governance
  - Implementation
  - Communication

Capacity Building
How the MIA tool works

Aron Horvath
Project Manager, CSR Europe
Purpose

Provide companies with a tool to assess and benchmark the level of maturity and integration of sustainability management. (To better grasp and identify / communicate internally improvement areas)
Linkages to Other Frameworks

• Key metrics are based on GRI G4 Aspects
• GRI G4 Aspects combined and selected according to:
  – CSR Europe strategic directions defined by board
  – Management tool’s purpose
• Creating linkages to the Non-Financial Information Disclosure Directive
Definitions

• **Maturity**: The degree to which companies measure and manage what is material to their business.

• **Integration**: The degree to which sustainability and material stakeholder expectations are embedded into strategic management and into all divisions of the organizational structure.
Overall Structure of the Tool

PART I: Materiality

PART II: Maturity of Management according to Key Sustainability Metrics

PART III: Strategic Integration of Sustainability

PART IV: Sustainability Governance

PART V: Capacity Building for Integration

MATURITY OF SUSTAINABILITY MANAGEMENT

INTEGRATION OF SUSTAINABILITY MANAGEMENT

* Weight in overall Maturity Rate
** Weight in overall Integration Rate
# How Does this All Connect?

<table>
<thead>
<tr>
<th>Integration</th>
<th>Sustainability Vision</th>
<th>Sustainability Governance Structure</th>
<th>Strategic Stakeholder Expectations Mapping</th>
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<tbody>
<tr>
<td></td>
<td>Internal comms</td>
<td>Sustainability Training</td>
<td>Supply Chain Engagement</td>
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<td>Risk Assessment</td>
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<td>Due diligence</td>
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<td></td>
<td>(operation &amp; supply chain)</td>
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<thead>
<tr>
<th>Maturity</th>
<th>Materiality Analysis</th>
<th>Policy</th>
<th>Performance Management</th>
<th>Due diligence</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Targets, KPIs, Management system, Employee perf mgnt)</td>
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<td>External Reporting</td>
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Process

1st interview: materiality analysis & integration

Company prefills materiality & integration questionnaire

Final MIA benchmark report sent to company

2nd interview verification of results & update if necessary

CSR Europe finalizes report & sends it to company

Company fills in maturity questionnaire

Potential internal workshop to start action planning on gaps identified
MIA Report Structure

- A3 management report format
- Overview and benchmark results for both Maturity and integration on first page
- Details of maturity performance and grading system for maturity on page 2, for integration on page 3
The License

CSR Europe

• Questionnaires and internal database with company report template (MS Excel)
• On-site training and an optional presentation at same-day event
• Support in first company assessment
• Training manual
• Dedicated and private sharepoint website access
• Continuous helpdesk support

NPO licensee

• Pay the license fee, in 2015 the fee is 6,000 EUR
• Upload company assessment databases to the dedicated sharepoint website
• Company reports uploaded to the dedicated sharepoint website
• Track activities organised around the MIA tool in the calendar on the dedicated sharepoint website.
• Share improvement ideas to develop the tool further
GET VALUE
GUIDE YOUR COMPANY’S SUSTAINABILITY JOURNEY
ENTER
The Conversation continues at the Enterprise2020 Summit in Brussels 16-17 November

Aron Horvath
Project Manager, CSR Europe
• Frans Timmermans, Vice-President of the European Commission
• Martin Schulz, President of the European Parliament
• His Majesty King Philippe of Belgium
• Jacques Delors, Former President of the European Commission
• Jean-Pierre Clamadieu, CEO of Solvay
• Gérard Mestrallet, French Ambassador for Apprenticeships and CEO of ENGIE
• Marianne Thyssen, Commissioner for Employment, Social Affairs, Skills and Labour Mobility
• Tibor Navracsics, Commissioner for Education, Culture, Youth and Sport
• Elżbieta Bieńkowska, Commissioner for Internal Market, Industry, Entrepreneurship and SMEs

Additional speakers to be confirmed soon
PROGRAMME

• Three major plenary session
• 15 interactive parallel sessions and side events
• 50 stands in the European Village & Marketplace
• Networking & engagement opportunities
• Launch of the European Pact for Youth
• 500+ participants

On 16 November 2015

Interactive Parallel Session on Non-Financial Performance

Organised with support of

Summit sponsors:

Premium: SOLVAY, HUAWEI, ENGIE
Golden: HITACHI, BOZAR, Edelman
Silver: Johnson & Johnson, McCain, Bridgestone
Important note

• To ask a question, please use the raise hand function or chat function or email Adrian Braz at csr5@csreurope.org

• You will be called out and un-muted if you wish to take the floor.
We value your feedback

Thank you for participating in this webinar!

We kindly ask you to take 3 minutes of your time to share with us how you experienced the webinar in terms of quality and relevance.

Your feedback is invaluable to us and will help us to improve our service to match your ongoing needs.

The survey will start immediately after the webinar ended.
Thank you for your attention!