Introduction and motivation

The selection criteria are based on GRI G4 guidelines which were adopted in May 2013 by the Global Reporting Initiative (GRI).

Indeed it is the organizer's belief that the application of the G4 guidelines on sustainability reporting, with an increased focus on the key sustainability issues and on transparency, will help companies make steps forward to integrated reporting and transparency on their integrated business models.

The GRI Standards represent the global best practice in sustainability reporting. They are designed to be used as a set by organizations to report about their impacts on the economy, the environment, and society.

The GRI Standards contain all of the main content and disclosures from the G4 Guidelines - no new topics have been added. Impacts on the reporting process will be minimal for existing G4 reporters. Any changes to the structure of the content are explicitly described in the 'Mapping G4 to the GRI Standards' tool below.

The modular structure of the Standards is flexible, and the new format gives reporters clear distinctions between reporting requirements, recommendations and guidance. Key concepts are also clearly defined, making the Standards accessible for new reporters.

The resources and tools below – including introductory information, sector guidance, mapping documents and training programs – provide support for new and existing reporters using the GRI Standards.

The voluntary guidance below also integrates a clear link to the 17 Sustainable Development Goals (SDG's) adopted by the United Nations in September 2015 as the new sustainability agenda for the period up to 2030 (See Appendix also). The impact of the SDG's is included in the Sustainability Context and Strategy and in the Completeness sections of the 'Report content & quality' as well as in the assessment of the 'Impact of the Report'.

The implementation of the Directive on non-financial information in Belgium by law of 3 September 2017 is also mentioned as it is now mandatory for large public-interest entities (listed companies, banks, insurance undertakings and other companies that are so designated by Member States) with more than 500 employees to disclose in their management report relevant and useful information on their policies, main risks and outcomes relating to at least:
- environmental matters,
- social and employee aspects,
- respect for human rights,
- anticorruption and bribery issues, and
- diversity in their board of directors.

Eligibility of the report

The report has to communicate on the activities of a Belgian legal entity or on the Belgian activities of a foreign entity. To be eligible, the report on the Belgian activities of a foreign entity must set clear sustainability objectives and provide sufficient information on the basis of certain selected criteria (targets, results etc.) for Belgium. The organisation has to report on its economic, social and environmental activities and performance. For more information on the eligibility see http://www.sustainabilityreports.be/eligible-organisations.

Table of content

The criteria have been divided into two parts:

1. Principles for defining report content & quality (60 %)
2. Impact of the report (40 %)

The percentage between the criteria has been changed to reflect the importance of impact of the report.

REPORT CONTENT & QUALITY

The report content & quality section makes up 60% of the marks and is sub-divided into 6 sections:

1. Sustainability Context and Strategy (10%)
2. Governance, Ethics and Integrity (10%)
3. Stakeholder Inclusiveness and Engagement (10%)
4. Materiality and Boundaries (10%)
5. Quality: Accuracy, Timeliness and Completeness (10%)
6. Reliability and Clarity (10%)

IMPACT OF THE REPORT

The impact of the report section makes up 40% of the marks and is sub-divided into 2 sections:

1. Quantified & impact assessment: Comparability, Balance and KPI's/objectives/Targets (25 %)
2. Overall impression including creativity & originality (15%)

The criteria will be applied to a sustainability report regardless of the way this is presented: as a separate report, or integrated or combined with the annual report.

The sections of the criteria are described in more detail below.

PART ONE: PRINCIPLES FOR DEFINING REPORT CONTENTS & QUALITY (60%)

1. Sustainability Context and Strategy (10 %)

The report should present the organization's performance in the wider context of sustainability and a general strategic view of the organization's sustainability, in order to provide context for subsequent, more detailed reporting. The strategy and analysis may draw on information provided in other parts of the report, but is intended to give insight on strategic topics rather than simply summarize the contents of the report. A special focus is made on how organizations can align their strategies as well as measure and manage their contribution to the Sustainable Development Goals. The 17 goals cover very varied themes, such as climate change, health, employment, innovation, and even the development of transparent institutions and justice for everyone. For the sake of clarity, they are divided into 5 groups: People, Planet, Prosperity, Peace and Partnerships (see Appendix on SDGs).

Sustainability context

Information on performance should be placed in context. The underlying question of sustainability reporting is how an organization contributes, or aims to contribute in the future, to the improvement or deterioration of economic, environmental and social conditions, developments, and trends at the local, regional or global level. Reporting only on trends in individual performance (or the efficiency of the organization) fails to respond to this underlying question. Reports should therefore seek to present performance in relation to broader concepts of sustainability, including the aspects of sustainability as defined and accepted by all organizations through the Sustainable Development Goals. This involves discussing the performance of the organization in the context of the limits and demands placed on environmental or social resources at the sector, local, regional, or global level.

General strategic view of the organization's sustainability

1.1.   The organization should provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability (commitment to economic and/or social and/or environmental goals by leadership).

The statement should present the overall vision and strategy for the short term, medium term, and long term, particularly regarding managing the significant economic, environmental and social impacts that the organization causes and contributes to, or the impacts that can be linked to its activities as a result of relationships with others (such as suppliers, people or organizations in local communities) or performance.

The statement should include:

- Strategic priorities and key topics for the short and medium term regarding sustainability, including respect for internationally recognized standards and how such standards relate to long term organizational strategy and success;
- Broader trends (such as macroeconomic or political) affecting the organization and influencing sustainability priorities;
- Key events, achievements, and failures during the reporting period;

- Views on performance with respect to targets;
- Outlook on the organization's main challenges and targets for the next year and goals for the coming 3–5 years;
- Other items pertaining to the organization's strategic approach.

1.2. The organization should provide a description of key impacts on sustainability and effects on stakeholders and a description of the impact of sustainability trends, risks, and opportunities on the long term prospects and financial performance of the organization description of risks, and opportunities (it is a sort of executive summary).

The description should include:

- A description of the significant economic, environmental and social impacts of the organization, and associated challenges and opportunities. This includes the effect on stakeholders' rights as defined by national laws and the expectations in internationally recognized standards and norms. An explanation of the approach to prioritizing these challenges and opportunities.
- Key conclusions about progress in addressing these topics and related performance in the reporting period. This includes an assessment of reasons for underperformance or over-performance.
- A description of the main processes in place to address performance and relevant changes.

2. Governance, Ethics & Integrity (10 %)

Governance, Ethics and integrity are part of G4 minimum content requirements and were already addressed in the last year's criteria. Transparency on the governance structure and composition of the organization is important to ensure the accountability of the relevant bodies and individuals. The report has to describe how the highest governance body is established and structured in support of the organization's purpose, and how this purpose relates to economic, environmental and social dimensions.

The organization has to describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.

The following issues should be covered in order to fulfill the principle

2.1. Governance structure of the organization, including committees of the highest governance body.

2.2. Identification of any committees responsible for decision-making on economic, environmental and social impacts.

2.3. Role of the highest governance body in setting the organization's purpose, values (or mission statements), and strategy and goals related to economic, environmental and social impacts (development, approval and updating).

2.4. The competencies, responsibilities and performance evaluation of the highest governance body.

2.5. The role of the highest governance body in risk management (internal audits, compliance), in sustainability reporting, in evaluating economic, environmental and social performance.

2.6. Remuneration and incentives.

2.7. Description of the organization's values, principles, standards and norms (i.e. codes of conduct, codes of ethics).

2.8. Its internal and external mechanisms for seeking advice on ethical and lawful behavior.

2.9. Its internal and external mechanisms for reporting concerns about unethical or unlawful behavior and matters of integrity.

3. Stakeholder Inclusiveness and Engagement (10%)

The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.

Stakeholders can include those who have invested in the organization as well as those who have other relationships to the organization. The reasonable expectations and interests of stakeholders are a key reference point for many decisions in the preparation of the report.

The report has to provide an overview of the organization's stakeholder engagement during the reporting period. It does not have to be limited to engagement that was conducted for the purposes of preparing the report. Therefore, the report has to include the following items:

3.1. List of stakeholder groups engaged by the organization;

3.2. Organization's approach to stakeholder engagement (consultation), including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken. The reasonable expectations and interests of stakeholders should be a key reference point for many decisions in the preparation of the report. However, not all of an organization's stakeholders will use the report. This presents challenges in balancing the specific interests and expectations of stakeholders who can reasonably be expected to use the report with broader expectations of accountability to all stakeholders;

3.3. Use of stakeholder feedback: key topics and concerns that have been raised through stakeholder engagement/consultation, and how the organization has responded to those key topics and concerns, including through its reporting specifically as part of the report preparation process.

4. Materiality and Boundaries (10%)

The report should cover aspects that:

- Reflect the organization's significant economic, environmental and social impacts; or
- Substantively influence the assessments and decisions of stakeholders.

The organization should describe its supply chain or value chain (i.e. number and names of suppliers, organization, structure) and integrate the impact of the supply chain on the environment, on labor

practices, on human rights and on the society, in the overall report, applying the concept of materiality.

Organizations are faced with a wide range of topics on which they could report. Relevant topics are those that may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders, and, therefore, potentially merit inclusion in the report. Materiality is the threshold at which aspects become sufficiently important that they should be reported. Organizations should describe the process they have deployed to determine what is material or relevant for the organization over its value chain.

The report has to provide an overview of the process that the organization has followed to define the Report Content, the identified material Aspects and their Boundaries, and restatements (if any):

4.1.   List of all entities included in the organization's consolidated financial statements or equivalent documents (and also excluded).

4.2.   Process for defining the report content and the Aspect Boundaries : identifying relevant topics, determining boundaries for relevant topics, prioritization (what to analyze), validation and review.

4.3.   List of all the material aspects identified and for each material aspect whether it is material within the organization and outside the organization;

4.4.   Significant changes from previous reporting periods.

5. Quality : Accuracy, Timeliness, Completeness (10%)

The reported information should be sufficiently accurate and detailed for stakeholders to assess the organization's performance.

Responses to economic, environmental and social Disclosures on Management Approach and Indicators can be expressed in many ways, ranging from qualitative responses to detailed quantitative measurements. The characteristics that determine accuracy vary according to the nature of the information and the user of the information.

The organization should report on a regular schedule so that information is available in time for stakeholders to make informed decisions.

The usefulness of information is closely tied to whether the timing of its disclosure to stakeholders enables them to effectively integrate it into their decision-making. The timing of release refers both to the regularity of reporting as well as its proximity to the actual events described in the report.

The report should include coverage of material Aspects and their Boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period.

Completeness primarily encompasses the dimensions of scope, boundary, and time. The concept of completeness may also be used to refer to practices in information collection and whether the presentation of information is reasonable and appropriate and is linked to the materiality process: topics identified as material for the company are expected to be reported on in terms of performance, targets, … Completeness does not mean details on every topics nor very long report. Instead, short and sharp reports will be appreciated.

6. Reliability & Clarity (10%)

The organization should gather, record, compile, analyze and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information.

6.1.   Stakeholders should have confidence that a report can be checked to establish the veracity of its contents and the extent to which it has appropriately applied Reporting Principles.

6.2.   The inclusion of a verification statement is an important aspect of report credibility. The information and data included in a report should be supported by internal controls or documentation that could be reviewed by individuals other than those who prepared the report.

The organization should make information available in a manner that is understandable and accessible to stakeholders using the report. Information should be presented in a manner that is comprehensible to stakeholders who have a reasonable understanding of the organization and its activities.

PART TWO : IMPACT OF THE REPORT (40%)

The added value of the organization for the Society should be explained in the sustainability report. It should be a "societal" report. It must tell why the organization has more positive impact to the Society than negative, while integrating the objective of sustainability. Creating work should not be the only added-value of an organization. Organizations should question their societal utility. Public and non-profit sectors should not be exempted from questioning the sense of a public service created long time ago for example. Integrating positive and negative impact on society in the report should be the key to demonstrate the utility of an organization.

1. Quantified & impact assessment: Comparability, Balance and KPI's/objectives/Targets (25 %)

Short and sharp reports will be appreciated (to the point). The trend towards shorter reports is highly appreciated.

Consumers/ citizens should have read the questioning of a public service on the way it functions for a sustainable management of public money.

The report should reflect <u>positive and negative</u> aspects of the organization's performance to enable a reasoned assessment of overall performance.

The overall presentation of the report's content should provide an unbiased picture of the organization's performance. The report should avoid selections, omissions, or presentation formats that are reasonably likely to unduly or inappropriately influence a decision or judgment by the report reader.

Balance is a principle based on G4 definitions which was already addressed in the previous year's criteria.

The organization should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations.

Comparability is also necessary for evaluating performance. Stakeholders using the report should be able to compare information reported on economic, environmental and social performance against the organization's past performance, its objectives, and, to the degree possible, against the performance of other organizations.

KPI's, objectives and targets should be clearly defined in line with SMART principle :
- Specific
- Measurable
- Achievable
- Realistic and
- Time bound

Furthermore, the calculation method and scope of KPI's, objectives and targets should be clearly defined, with a clear preference to full coverage of entire operations of the company and its value chain (full impact assessment of the organization / groups' activities, products & services.

Organizations and companies with a higher maturity set clear objectives and targets against which they measure performance on a consistent basis.

The SDGs provide a global business and sector wide opportunity to help companies and organizations integrate their corporate and sustainability reporting. The SDGs are a set of goals to be achieved within a specific time frame and their achievement can be thought of as a series of outcomes. In this way, the SDGs can provide a framework to help transition from a focus purely on the outputs of a business / organization (i.e. products made, services delivered), to one in which the end outcomes and their impacts (i.e. use of natural resources, employment opportunities created, energy used) become much more fully considered. Some impacts will be positive and some negative. Ultimately the SDGs can put a financial value on the success of sustainable action both within the organization and in larger society. To achieve this, organizations need a reporting approach that takes into account both the importance of specific SDGs to the organization and how to meaningfully measure progress against them.

2. Overall impression (15%)

This criteria has been maintained as it has been considered as important by the organizers of the event. The extent to which the report communicates to the declared target audiences should be evaluated. Issues to consider are: layout and appearance, comprehensive navigation through report, communication and feedback mechanisms, use of internet, appropriateness of graphs, illustrations and photos, understandability, readability, accessibility and appropriate length. The relevance of the topics addressed to the stakeholders is of great importance.

Creativity and originality of the reports should be assessed here. Innovation in the lay-out of reports (online version or even in the format of a website entirely dedicated to the subject) should be encouraged as it makes it often more user-friendly, with the use of good videos and explanations or other interaction possibilities.

Also the format of presentation or well-chosen pictures motivates the reader to further read the report and should be appreciated.

However a web-based approach for example should not make it more difficult to get an overall view or to gather the relevant information. A nice presentation should not be one more promotion brochure and not a well-balanced presentation of the organization. Clarity and Accuracy as referred above should be kept in mind while evaluation the creativity-originality of the report.

* * *

Prepared in March 2018

APPENDIX : **The 17 Sustainable Development Goals adopted by the United Nations**

1. **Poverty** - End poverty in all its forms everywhere
2. **Food** - End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. **Health** - Ensure healthy lives and promote well-being for all at all ages
4. **Education** - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. **Women** - Achieve gender equality and empower all women and girls
6. **Water** - Ensure availability and sustainable management of water and sanitation for all
7. **Energy** - Ensure access to affordable, reliable, sustainable and clean energy for all
8. **Economy** - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. **Infrastructure** - Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. **Inequality** - Reduce inequality within and among countries
11. **Habitation** - Make cities and human settlements inclusive, safe, resilient and sustainable
12. **Consumption** - Ensure sustainable consumption and production patterns
13. **Climate** - Take urgent action to combat climate change and its impacts
14. **Marine-ecosystems** - Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. **Ecosystems** - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
16. **Institutions** - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. **Sustainability** - Strengthen the means of implementation and revitalize the global partnership for sustainable development

More information available on https://sustainabledevelopment.un.org/sdgs