

## Inspiring global alignment through value creation The IIRC's Global Conference 2019

### The Sustainability Governance Scorecard©



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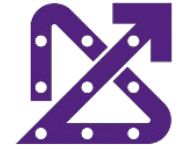
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# Argüden Governance Academy

A Foundation Dedicated to Improve Quality of Governance



**ARGÜDEN  
GOVERNANCE  
ACADEMY**

Good Governance for  
Quality of Life

# Sustainability Governance Scorecard

To help improve the state of world by speeding up learning from peers



**SUSTAINABILITY  
GOVERNANCE  
SCORECARD**

# A thought leader for Quality of Life and a Sustainable Future

## MISSION

Improving **trust to the organizations** for  
**quality of life** and a **sustainable future**

## AIMS

- **Improve awareness of the role of good governance** for sustainable and inclusive development by research, dissemination of successful examples, and awards
- **Create a knowledge platform** to enable representatives of government, civil society, and business to be informed about the recent global developments on governance through training programs, seminars, and peer to peer learning
- **Conduct impact research** in cooperation with international organizations, universities, public agencies, and non-governmental organizations on various governance related subject areas
- Cooperate with similar initiatives both locally and globally through joint projects to **raise the understanding of the key role of good governance to improve quality of life and sustainability of the planet**

## VISION

Being a **center of excellence** and  
a **reference point** for good governance  
both locally and globally





# Argüden Governance Academy's Integrated Thinking Journey

## Recommendation to G20: Integrated Reporting

ARGE was selected as the **B20 Governance** and **Sustainability Knowledge Partner** where we were invited as a member to the C20 Governance **Working Group** during **G20 Türkiye**.

We have contributed to the inclusion of **Integrated Reporting** as one of the key recommendations to the G20 Leaders.

## First Integrated Report of Türkiye

We are among the **Top 10 NGOs in the world** with our **Integrated Report** covering our first full year of operation.

Our Integrated Reporting experience has been shared as an **example to voluntary organizations** on the International Integrated Reporting Council (IIRC) website.

## Istanbul's Kadıköy Municipality, an <IR> Pioneer

Famous Istanbul district, Kadıköy accomplishes a **global first** by adopting the Municipality Integrated Reporting Model<sup>®</sup> following the recommendations of the citizen centric Municipality Governance Scorecard<sup>®</sup> Project.



# Help improve the state of the world by speeding up learning from peers

Developed a **unique Sustainability Governance Scorecard (SG Scorecard)** that;  
**Raises** awareness on **SDGs**  
Measures **Governance of Sustainability Efforts**  
Based on **public disclosures** of **Global Sustainability Leaders (GSL)**

The Model enables to;

Improve **sustainability of sustainability** efforts

Identify **development opportunities** through sharing good examples of peers

Assist stakeholders in the identification of **long-term sustainable value**

**Motivate learning across peers** through good practices

**Enhance** reporting quality of sustainability governance



## An improvement tool for better governance of sustainability issues

The SG Scorecard helps to determine if the public disclosures of GSL provide any evidence on;

How the board provides **proper guidance** and **oversight** about sustainability issues,

If **comprehensive sustainability initiatives** are deployed throughout the organization,

Whether the **responsible behavior** is embedded in the organization's processes and culture.



## WHO & HOW ?

### Industries

Automotive  
Chemicals  
Consumer Goods  
Food Processors  
Machines & Equipment  
Natural Resources  
Pharmaceuticals  
Retail  
Telecommunications  
Utilities

### From

Publicly available information  
2017 Annual Report  
2017 Sustainability Report  
Official website:  
Governance and  
Sustainability Sections



China



Germany



South Africa



United Kingdom

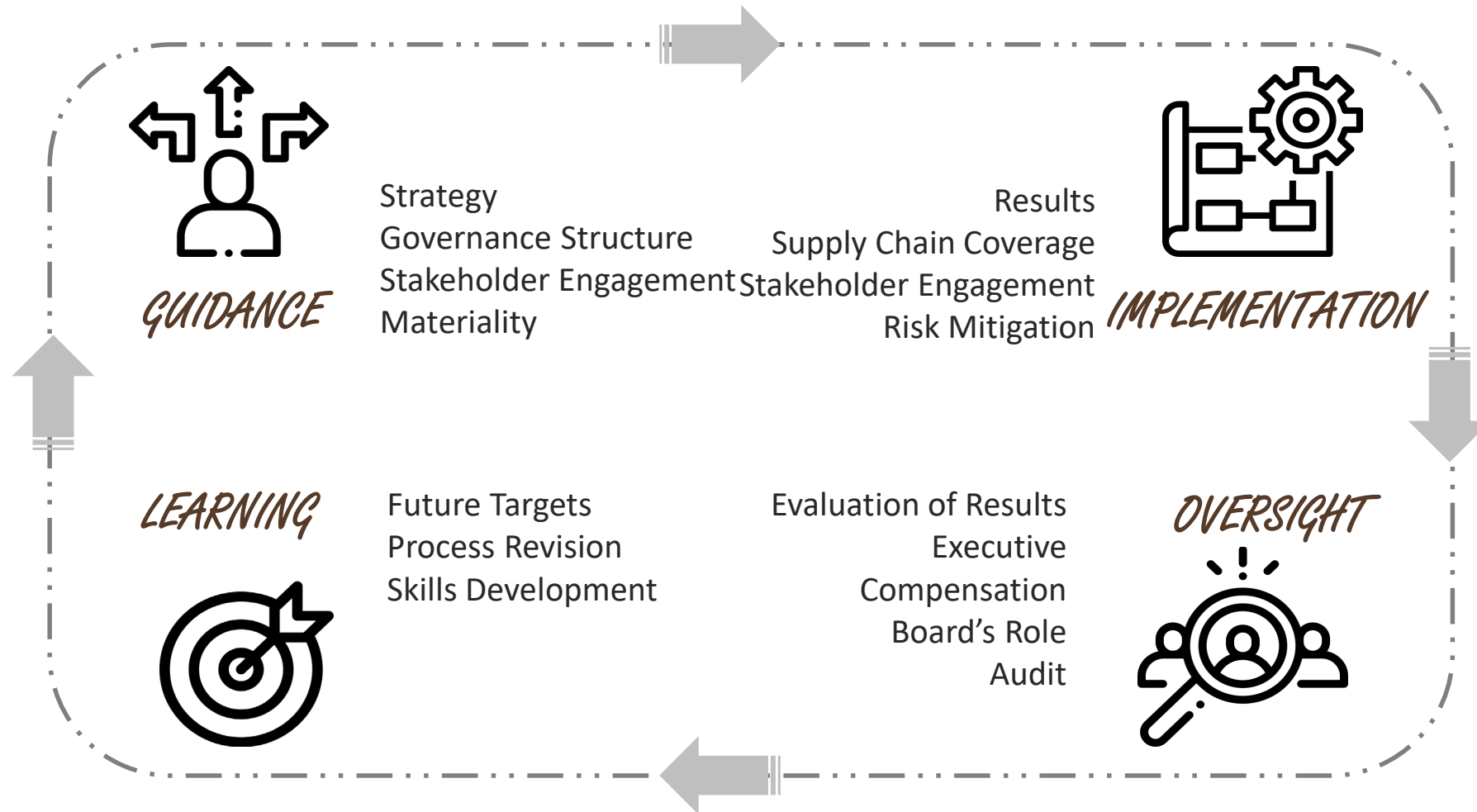


United States



Türkiye

## Measuring and Learning from the Peers is the essence of the SG Scorecard Model©



## Two Key Conclusions about Global Sustainability Leaders

Significant room for  
improvement about the  
sustainability programs

Peer-to-peer learning  
opportunities based on  
good practices

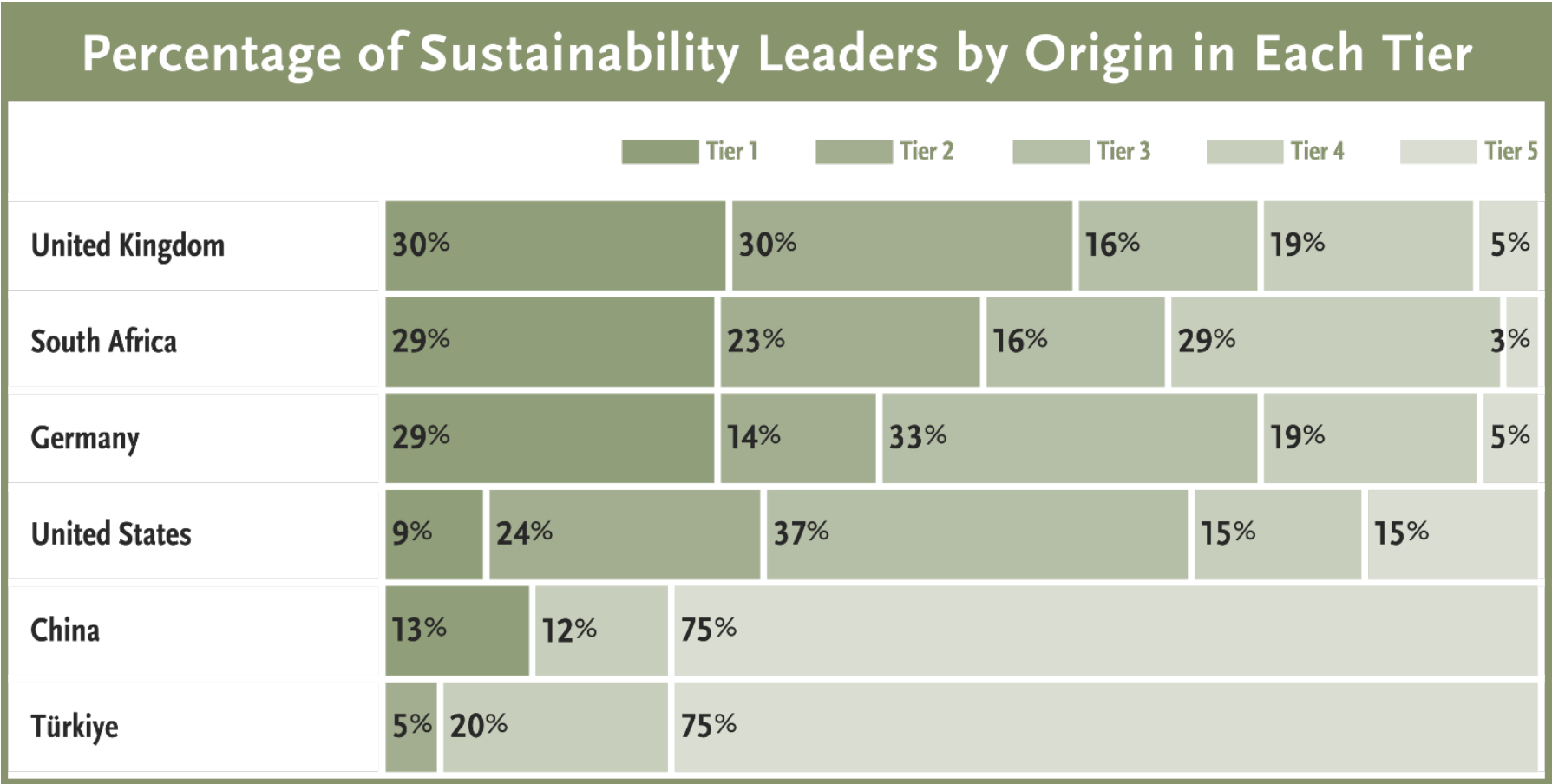
Among the GSLs

those who are **UN Global Compact Signatories** & adopted (<IR>) Framework  
have better chances of **incorporating sustainability into their culture.**



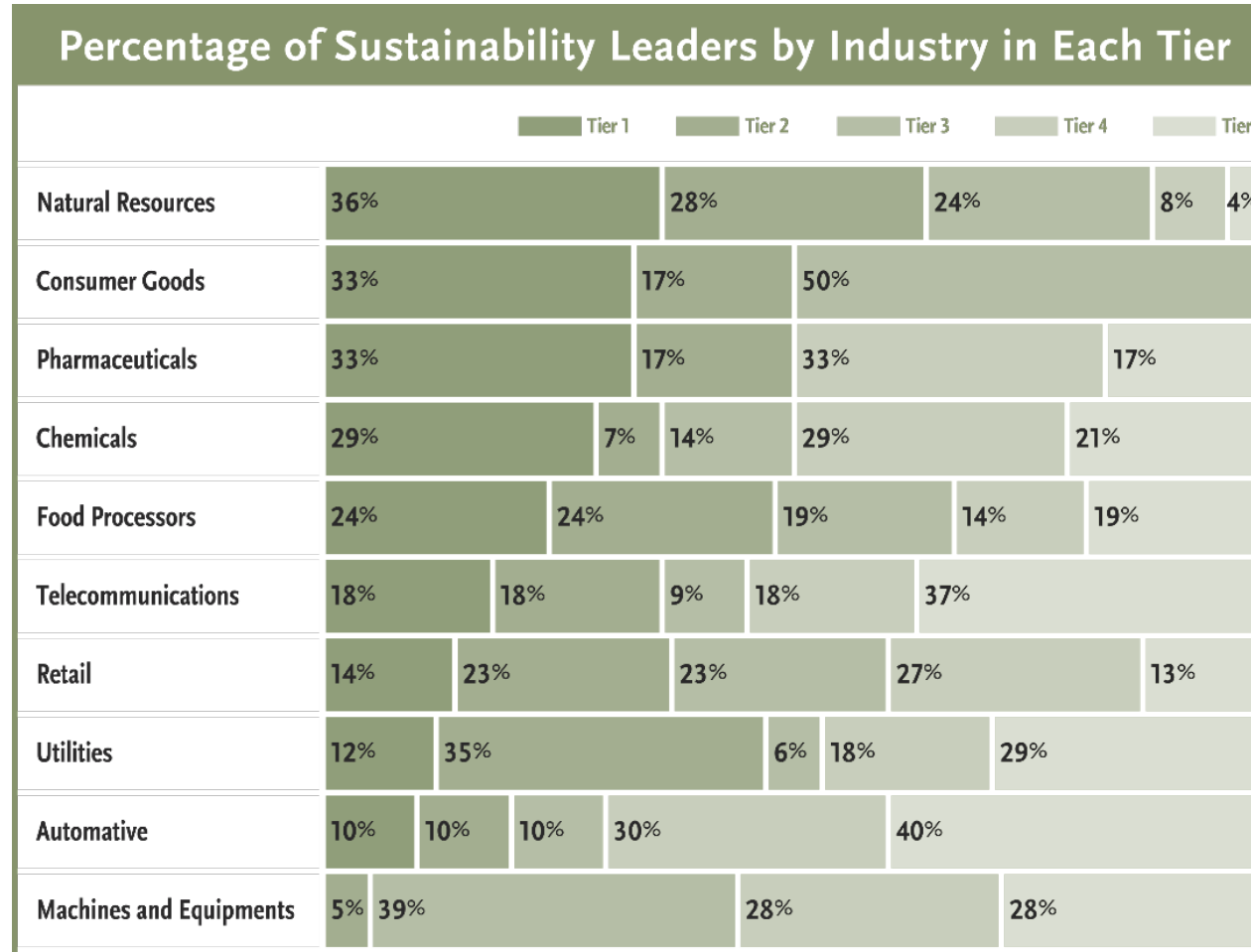


# United Kingdom and South Africa GSLS have higher propensity to be in Tier 1 or Tier 2



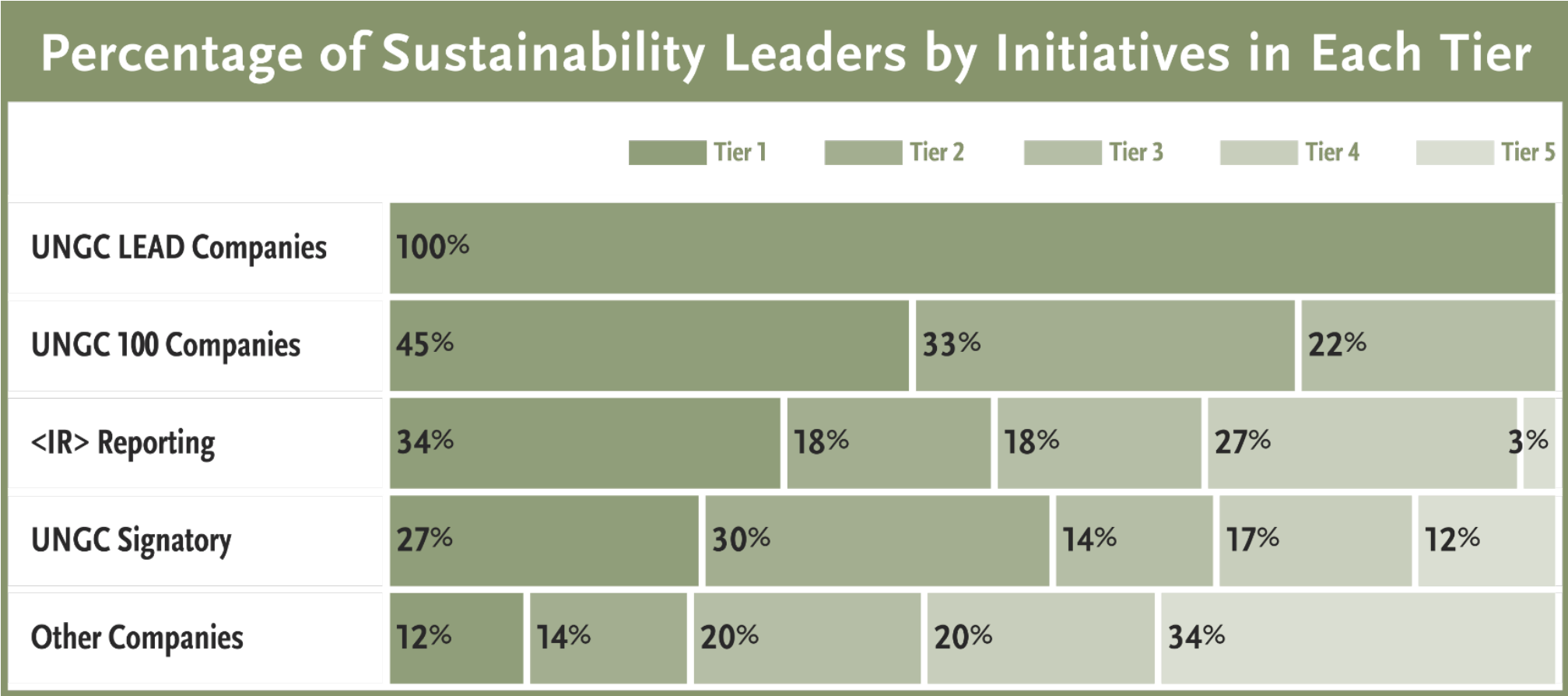
Based on Argüden Governance Academy research for Sustainability Governance Scorecard®

## GSLs in Natural Resources, Consumer Goods & Pharmaceuticals have higher propensity to be in Tier 1 or Tier 2



Based on Argüden Governance Academy research for Sustainability Governance Scorecard®

Adopting <IR> and/or being a signatory of the UNGC makes a difference



Based on Argüden Governance Academy research for Sustainability Governance Scorecard®

Responsible Leadership

Showing commitment by setting & sharing future targets

Sustainability Governance Targets						
	Environmental		Social		Governance	
Sets Targets for Future	69%		70%		53%	
Sets KPIs	99%		98%		100%	
Defines Policies	100%		99%		100%	

Based on Argüden Governance Academy research for Sustainability Governance Scorecard®

## Comprehensive Sustainability Targets

Presents its sustainability targets including short/long-term targets across relevant ESG areas, suppliers and communities.



### Our responsible commitments and our performance against them

Objective	Our commitment	How we are measuring our performance	This year's performance	2016/17 target	2020 target
<b>Ambition One:</b> We will make our region the most water efficient in the UK	We will empower our customers to save up to 25MI/d by 2020	Water efficiency level achieved	4.91MI/d	5MI/d	25MI/d
	We will improve understanding of our services through education	Number of customers we have educated from 2015 to 2020	167,024	160,000	700,000 (cumulative over AMP6)
<b>Ambition Two:</b> We will play a leading role to help make our region's rivers even healthier	We will work with landowners and partner organisations to reduce agricultural run-off in our region's rivers	Positive engagement with land managers in targeted areas by end of AMP6	44% (in 11 out of 12 catchments)	44% (in 12 catchments)	80% (in 12 catchments)
	We will do our fair share to achieve Water Framework Directive good ecological status in our region's failing water bodies, where it is cost-effective to do so	Number of Water Framework Directive classification improvement points (as monitored by the Environment Agency)	15	n/a	233 (cumulative over AMP6)
	We will improve biodiversity in our region by improving at least 75 hectares of Sites of Special Scientific Interest ('SSSI')	Number of hectares improved from unfavourable or deteriorating condition using Natural England's database of SSSIs	-29.74	n/a	75
<b>We put our customers first</b>	We provide a service to our customers that is good value for money	% of customers who rate our service value for money in an independent quarterly survey	58%	47%	55%
	We help our customers who are in genuine need and struggling to pay their bills	Number of customers we help each year through social tariffs and assistance schemes	50,903	50,000	50,000

Responsible Leadership

Room for improvement in geographic reporting



Based on Argüden Governance Academy research for Sustainability Governance Scorecard®



### Sustainability Targets Across Value Chain

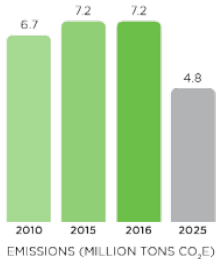
Reports detailed targets for reducing emissions across the value chain as well as comparison with previous years. The graph shows change in emissions compared to previous years performance and highlights ongoing challenges, level of influence over value chain and description of approach for a detailed set of drivers.



#### Agriculture and transformation (48% of total value chain GHG emissions)

Growing and transporting crops, and turning them into food ingredients

GENERAL MILLS' LEVEL OF INFLUENCE:  
MEDIUM



KEY DRIVERS (% OF EMISSIONS)



\* Includes sugar beets.

Agriculture and transformation represents the largest source of GHG emissions across our value chain, so it is central to our reduction efforts.

**Performance:** Greenhouse gas emissions increased 7 percent in 2016 compared to our 2010 baseline. This was primarily due to a rise in net sales and

corresponding commodity purchases between 2010 and 2016, partially offset by a decrease in the GHG emissions intensity of some of our ingredients.

**Approach:** Our efforts focus on:

- **Soil health:** Healthy soil has significant potential to sequester carbon. For

a full discussion of our work in this area, see the Ecosystems section.

- **Row crops:** In the U.S., we partner with Field to Market and our suppliers to help growers of wheat, sugar beets and corn gather data on the impact of their farming practices, including GHG emissions.

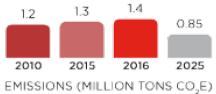
- **Dairy products:** Dairy management contributes to GHG emissions due to feed production, methane emissions from digestive processes, manure, processing, transport of raw milk and other factors.

See the Sustainable sourcing section for more details on our row crop and dairy initiatives.

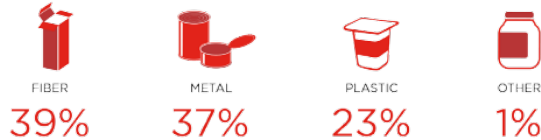
#### Packaging supply chain (9% of total value chain GHG emissions)

Producing packaging materials (making and transporting)

GENERAL MILLS' LEVEL OF INFLUENCE:  
HIGH



KEY DRIVERS (% OF EMISSIONS)



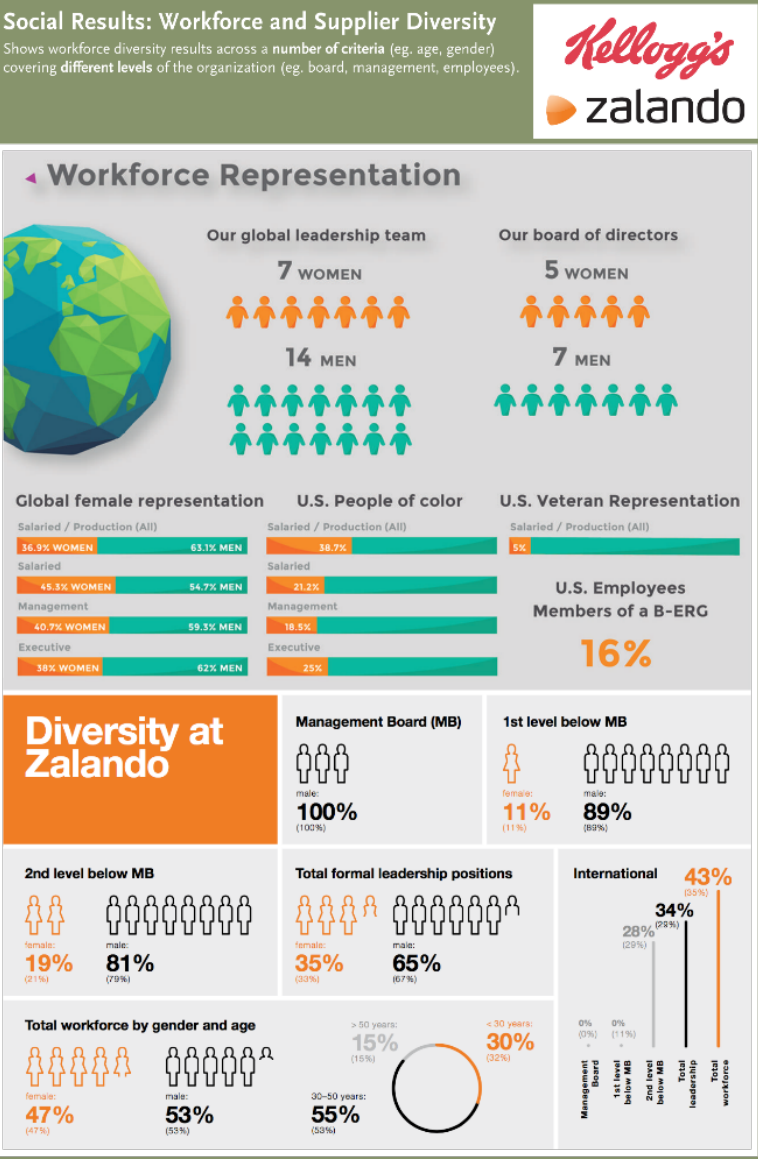
We continually innovate to reduce the environmental impact of packaging through better design – by decreasing

materials use, switching to lower impact materials (including renewable) and improving truckload packing efficiencies.

**Performance:** Greenhouse gas emissions increased 15 percent in 2016 compared to our 2010 baseline. This

was due to an overall increase in packaging volume between 2010 and 2016 as well as expanded

Source: General Mills 2017 Global Responsibility Report, p. 36



Sources: Kellogg 2018 Features: Diversity and Inclusion Annual Report, p. 9 / Zalando 2017 Annual Report, p. 21

## Governance Results: Board Diversity

Presents board diversity metrics and results across several criteria including **Independence**, **Diversity** (age, tenure, gender, race, nationality), **Skills** and **Experience** (retail, commercial, banking, financial).

WHL

### USING OUR GOVERNANCE FRAMEWORK FOR VALUE CREATION

We believe that the Group's governance framework and supporting structures support the overall value creation of WHL. The Board composition, governance framework, and the roles and responsibilities of the committees are not merely focused on compliance with the relevant laws and regulations, but also add value in driving outcomes that support the Group's vision to be one of the world's most responsible retailers.

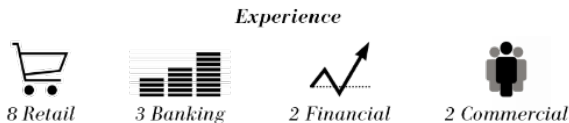
We believe that the governance framework, practices, and processes create value for the Group through:

#### • A DIVERSE AND TRANSFORMED BOARD



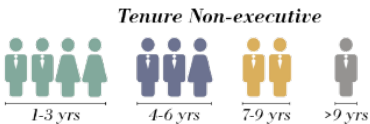
#### • SKILLS AND EXPERIENCE FOR THE FUTURE

The Board reviewed the ideal composition of skills and experience for the future against its current experience mix:



Number of members Attendance %

#### • BOARD REFRESHING AND TENURE



#### • INDEPENDENT THINKING



Source: Woolworths Holdings Limited 2017 Integrated Report, p. 133-134

### Sustainability Data by Geography

Discloses performance against targets for each geography across several **environmental metrics** (energy use ratio, GHG emissions, water use, total waste recycling rate).



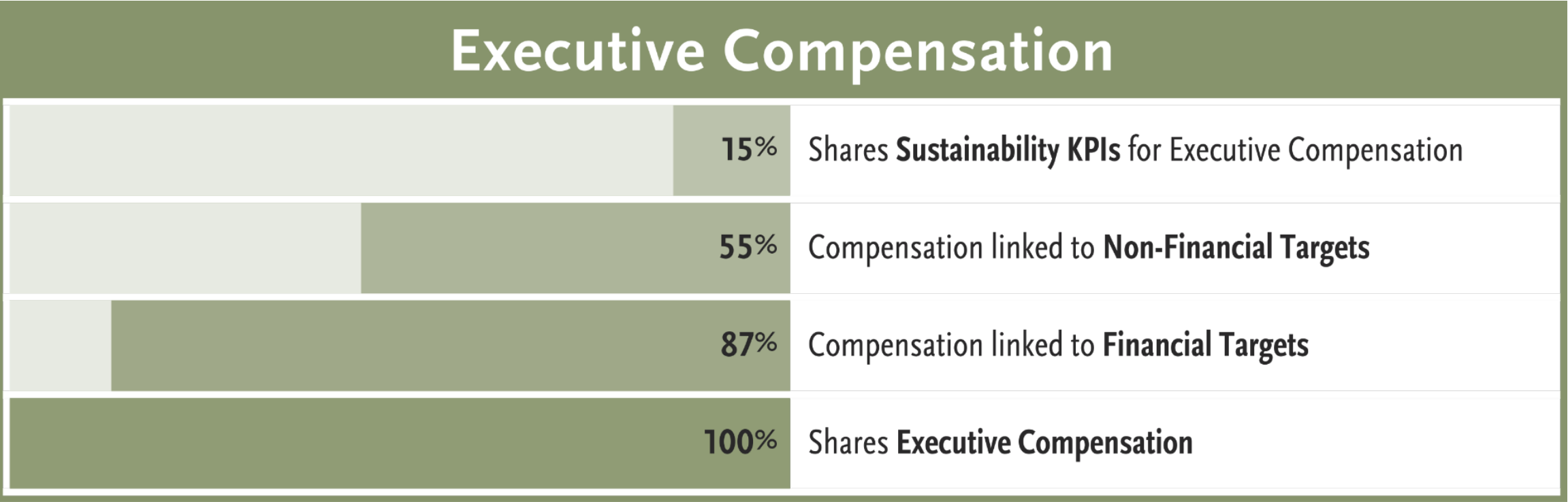
To improve our performance and create environmental awareness, we organized environmental training for our employees at the plants. In 2017, we provided **8,574 person-hours** of environmental training to our employees in **Turkey, Jordan, Azerbaijan, Kazakhstan, Pakistan and Kyrgyzstan.**

COUNTRY	YEAR	Key Performance Indicators			
		Energy Use Ratio (MJ/L)	GHG Emissions Ratio (g CO <sub>2</sub> -e/L)	Water Use Ratio (L/L)	Total Waste Recycling Rate (%)
Turkey	2017	0.27*	40.43**	1.56*	96.00
	2020 Target	0.28	28.54	1.35	98
Jordan	2017	0.25	38.78	1.44	91.90
	2020 Target	0.23	50.00	1.41	94
Kazakhstan	2017	0.655***	58.62	1.59	90.00
	2020 Target	0.644	45.00	1.55	92
Azerbaijan	2017	0.38	55.66	1.73	97.80
	2020 Target	0.35	55.00	1.70	98
Pakistan	2017	0.38	40.47	1.93	94.44
	2020 Target	0.37	tbd	1.78	98.6
Kyrgyzstan	2017	0.44	54.20	1.65	97.70
	2020 Target	0.45	53.00	1.57	98.50

Source: Coca-Cola Icecek Sustainability Report 2017, p. 40

# Responsible Leadership

## Aligning management incentives with sustainability



Based on Argüden Governance Academy research for Sustainability Governance Scorecard©

## Executive Compensation

Has linked executive compensation to sustainable development by linking 20% of compensation to **safety** (personal safety, process safety) and **emission** (GHG) metrics covering specific business areas: refining, chemical plants and flaring in upstream assets.



### Executive scorecard

In 2017, sustainable development continued to account for 20% of the Executive Directors' annual bonus scorecard, which helps determine the annual bonus for the Executive Directors.

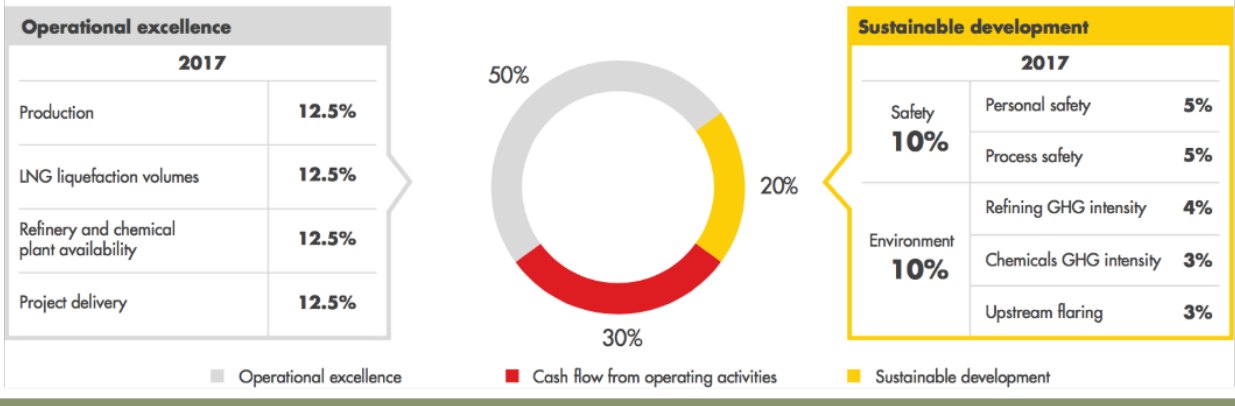
Targets are set each year by the Board's Remuneration Committee and the outcomes against these targets are reported retrospectively in the Annual Report. The same annual bonus scorecard approach applies to senior management and other employees.

The metrics on sustainable development in 2017 had equal weighting between our safety (10%) and environmental (10%) performance. The safety

component covers personal and process safety and the environmental component includes greenhouse gas (GHG) emissions for the first time in three specific business areas: refining, chemical plants and flaring in upstream assets.

In 2017, GHG metrics covered around 60% of direct and energy indirect emissions from our operated portfolio. The GHG metrics in the 2018 scorecard have evolved and coverage has increased to around 90% of operated emissions. The refining and chemicals metrics will be retained and emissions coverage in upstream and midstream will be measured on an intensity basis and expanded beyond flaring.

### Scorecard structure



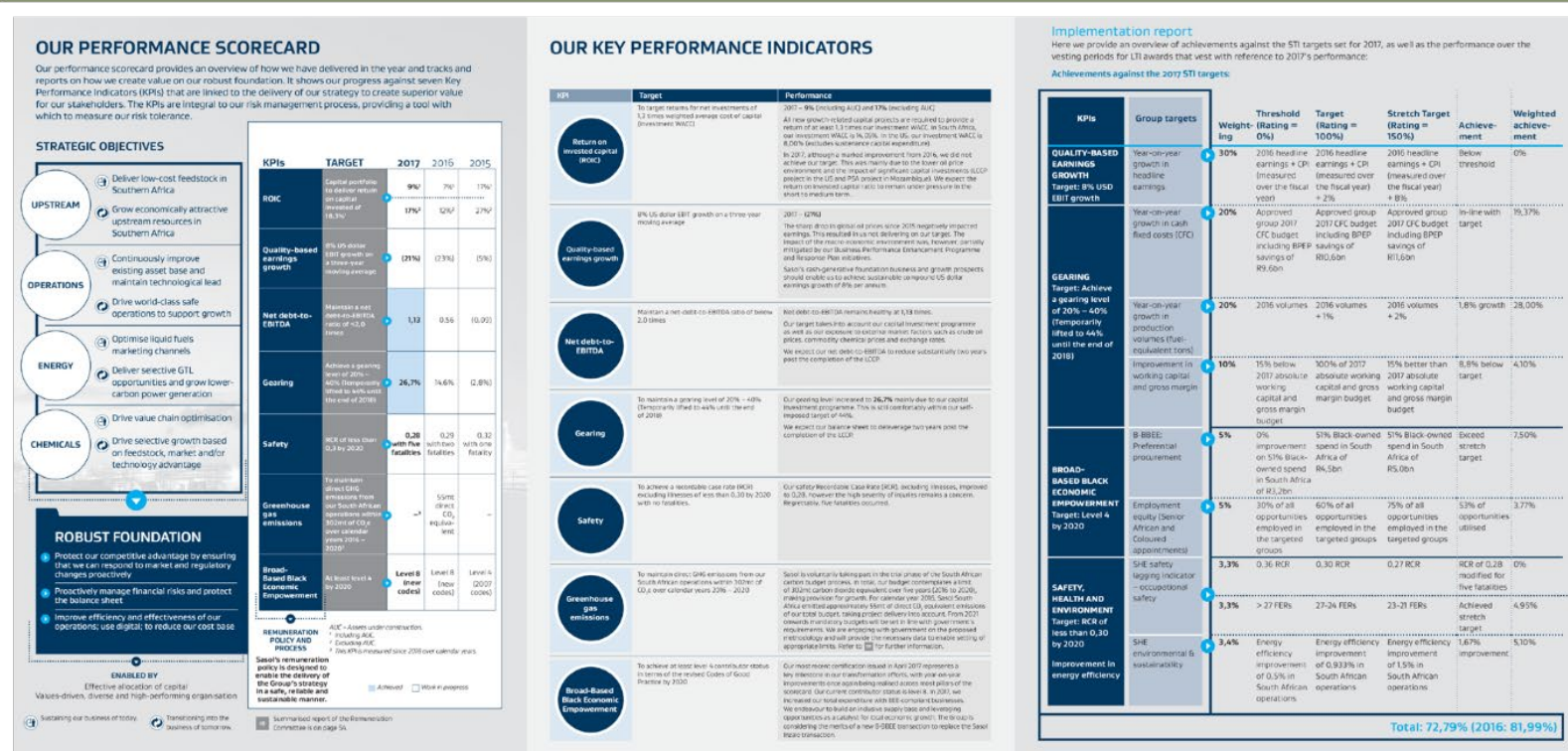
Source: Shell Sustainability Report 2017, p. 16



# Executive Compensation

Links its performance scorecard to strategic objectives and links incentives to sustainability KPIs covering sustainability, greenhouse gas emissions and broad-based black economic empowerment.

Furthermore, the chart demonstrates the adoption of a learning mindset by showing trends, past performance and targets.



### Implementation report

Here we provide an overview of achievements against the STI targets set for 2017, as well as the performance over the vesting periods for LTIs awards that vest with reference to 2017's performance:

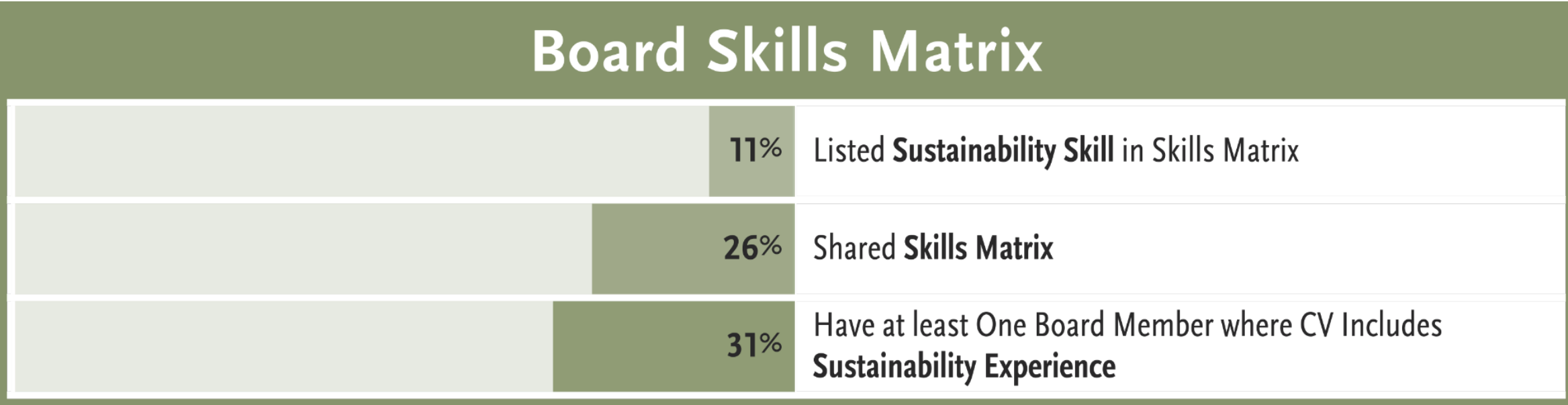
Achievements against the 2017 STI targets:

KPIs	Group targets	Weighting	Threshold (Rating = 0%)	Target (Rating = 100%)	Stretch Target (Rating = 150%)	Achievement	Weighted achievement
<b>QUALITY-BASED EARNINGS GROWTH</b>	Year-on-year growth in headline earnings	30%	2016 headline earnings + CPI (measured over the fiscal year) + 2%	2016 headline earnings + CPI (measured over the fiscal year) + 8%	2016 headline earnings + CPI (measured over the fiscal year) + 15%	Below threshold	0%
	Year-on-year growth in cash fixed costs (CFC)	20%	Approved group 2017 CFC budget including BPEP savings of R9.6bn	Approved group 2017 CFC budget including BPEP savings of R10.2bn	Approved group 2017 CFC budget including BPEP savings of R10.8bn	Below stretch target	79.37%
<b>GEARING</b>	Year-on-year growth in production volumes (full-equivalent tons)	20%	2016 volumes + 1%	2016 volumes + 2%	2016 volumes + 3%	1.8% growth	28.00%
	Improvement in working capital and gross margin	10%	15% below 2017 absolute working capital and gross margin budget	100% of 2017 absolute working capital and gross margin budget	15% better than 2017 absolute working capital and gross margin budget	5.8% below target	4.10%
<b>BROAD-BASED BLACK ECONOMIC EMPOWERMENT</b>	B-BBEE: Preferential procurement	5%	0% improvement on 51% Black-owned spend in South Africa of R3.2bn	51% Black-owned spend in South Africa of R5.0bn	51% Black-owned spend in South Africa of R5.0bn	Exceed stretch target	73.0%
	Employment equity (Senior African and Coloured appointments)	5%	30% of all opportunities employed in the targeted groups	60% of all opportunities employed in the targeted groups	75% of all opportunities employed in the targeted groups	53% of opportunities utilised	3.77%
<b>SAFETY, HEALTH AND ENVIRONMENT</b>	SST safety leading indicator - occupational safety	3.3%	0.36 RCR	0.30 RCR	0.27 RCR	RCR of 0.28 modified for five fatalities	0%
	SST safety leading indicator - occupational safety	3.3%	> 27 FERs	27-24 FERs	23-21 FERs	Achieved stretch target	4.95%
	SST environmental & sustainability	3.4%	Energy efficiency improvement of 0.93% in South African operations	Energy efficiency improvement of 1.5% in South African operations	Energy efficiency improvement of 1.5% in South African operations	Improvement	5.10%
<b>Total: 72.79% (2016: 81.99%)</b>							

Source: Sasol 2017 Integrated Report, p. 24-25, 59

# Board Leadership

## Lack of focus for sustainability skills in the GSLs Boards



Based on Argüden Governance Academy research for Sustainability Governance Scorecard©

## Board Skills Matrix: Sustainability

Presents skill matrix, with assessment on **sustainability-related board skills requirements** including safety, health and environment, energy, water use, rights, waste technology and community knowledge.



## SKILLS AND EXPERIENCE MATRIX FOR DIRECTORS

The balance of the board is monitored against a skills matrix to ensure it is able to discharge its governance roles and responsibilities effectively. The current composition of directors' skills and experience is shown below:

Significant skills and experience (10+ years, in-depth, main focus area, weekly use, line accountability)

Average skills and experience (5-10 years, ad hoc, but regular and fairly in-depth exposure/use of skills)

[illegible]





**Source:** Anglo American Platinum Limited 2017 Integrated Report, p. 90-91

## Board Skills Matrix: Diversity

Presents skill matrix covering a breadth of criteria including **age**, **tenure**, **gender**, **skills** and **experience**.

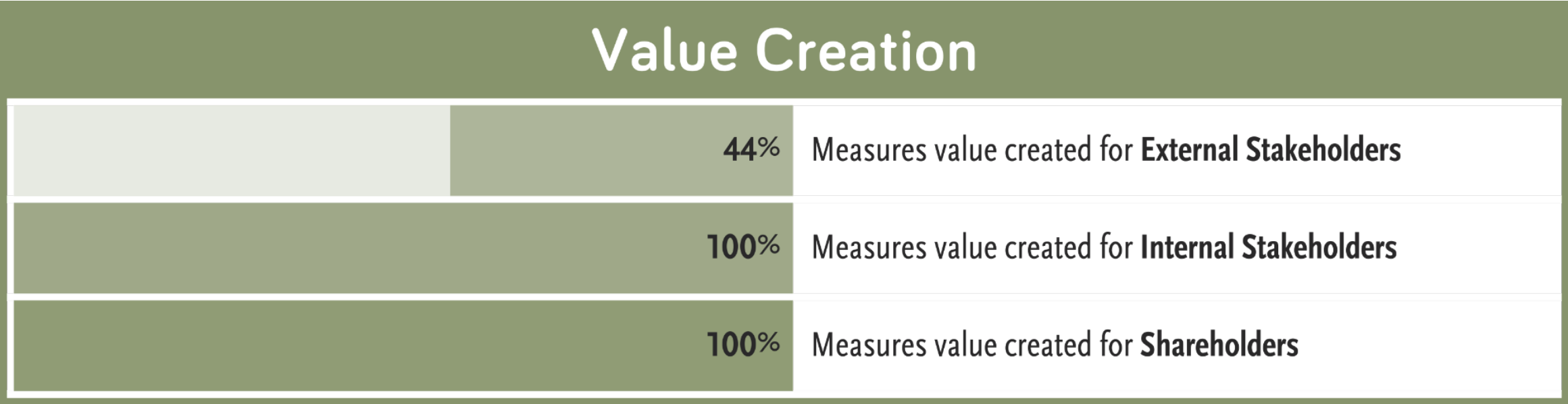


### NOMINEE SKILLS MATRIX

Nominees and Primary Occupation	Other current U.S. public company directorships	Dir. Since	Age	Ind.	Nominee Skills							
					CEO or senior officer	Financial reporting	Industry	Global	Regulatory/government	Public company board service	Technology	Environmental/sustainability
 <b>Charles E. Bunch</b> Former Chairman and CEO of PPG Industries, Inc.	<ul style="list-style-type: none"> <li>• PNC Financial Services Group</li> <li>• Marathon Petroleum Corporation</li> <li>• Mondelēz International, Inc.</li> </ul>	2014	68	●	●	●		●	●	●		
 <b>Caroline Maury Devine</b> <small>NEW</small> Former President and Managing Director of a Norwegian affiliate of ExxonMobil	<ul style="list-style-type: none"> <li>• John Bean Technologies Corporation</li> <li>• Valeo</li> </ul>	2017	67	●	●	●	●	●	●	●		●
 <b>John V. Faraci</b> Former Chairman and CEO of International Paper Co.	<ul style="list-style-type: none"> <li>• PPG Industries, Inc.</li> <li>• United Technologies Corporation</li> </ul>	2015	68	●	●	●		●		●		●
 <b>Jody Freeman</b> Archibald Cox Professor of Law at Harvard Law School		2012	54	●			●		●			●

# Stakeholder Engagement

## Integrating with stakeholders to create a sustainable value



Based on Argüden Governance Academy research for Sustainability Governance Scorecard©



# Materiality Matrix

Shares the results of its stakeholder engagement process and frames a comprehensive set of material topics around positive value-generation opportunities, across a wider angle of stakeholder groups.



## The resources and relationships that set us apart

<b>(F) Financial strength</b> We're focused on growing our cash flow over the long term.	<b>£2,782m</b> <small>normalised free cash flow generated in 2016/17</small>
<b>(H) Our people</b> Their commitment, expertise and diversity are key to our success.	<b>106,400</b> <small>employees</small>
<b>(M) Networks and physical assets</b> We continue to invest in these to improve the experience we offer our customers.	<b>26.5m</b> <small>premises passed by our fibre footprint</small> <b>5.6m</b> <small>BT Wi-fi hotspots</small>
<b>(I) Research and development</b> We're one of the largest investors in research and development in the UK.	<b>c£520m</b> <small>R&amp;D spend</small> <b>102</b> <small>patents filed</small>

## What we do



## Stakeholder outcomes

<b>Customers</b>	
<b>6.4%</b> improvement in Right First Time performance	<b>2m</b> BT Call Protect customers
<b>Community</b>	
<b>£35.6m</b> investment in society	<b>31%</b> BT volunteer people
<b>£471m</b> UK corporation tax	<b>£95m</b> raised for good causes
<b>Employees</b>	
<b>71%</b> employee engagement outcome	<b>88%</b> maternity return rate



# Stakeholder Engagement

Presents a **comprehensive list of stakeholders** including patients, communities, employees, suppliers, shareholders and government bodies and details **engagement methods** and **outcomes** of engagement model for each stakeholder group.



Through dialogue, we strengthen our connections with stakeholders, understand their perspectives and combine forces to achieve common goals. We use the feedback to inform our sustainability approach, strategy development and risk management.

We use a wide range of channels for stakeholder engagement, including digital and face-to-face dialogue. Through a multi-stakeholder engagement approach, we identify systematic activities to create opportunities for interaction with groups of our stakeholders. All our relationships and engagements, including with patient groups and other healthcare organisations, are based on transparent and shared objectives to improve the lives of patients and comply with local regulations.

Our Global Policy on stakeholder engagement – [Our Interactions](#) – guides our approach. You can read more about how stakeholders can raise concerns in the [Ethics and transparency](#) section of this report.

## Featured engagements



### Patients

We publish our patient group relationships on country-level websites, including our R&D centres of excellence in Sweden, the United Kingdom and the United States.

#### Outcomes for patients

To help patients understand how a medicine might affect them and set expectations for their treatment, we have developed a series of patient-reported outcomes (PROs). These first-



### Communities

We aim to make a positive impact on our local communities by keeping them informed of our business activities and plans, and giving them the opportunity to raise any concerns. Our global community investment funds promote healthcare in the community and support science-based education and careers.

#### Outcomes for communities

We provided over \$426 million in community



### Employees

We invite employees to share feedback in semi-annual Pulse surveys that measure dimensions of AstraZeneca being a great place to work. The latest survey in December 2017 had a 66% response rate.

#### Outcomes for employees

Of our respondents, 90% are clear on what they need to do in their job to help AstraZeneca achieve its sustainability goals (up 4 points), and 81% would recommend AstraZeneca as a great place to work (up 6 points).



### Suppliers

We develop and implement ongoing supplier engagement programmes that reflect areas of specific geographical or supply sector risk, with a focus on any key gaps in third-party understanding.

#### Outcomes for suppliers

We conducted 6,139 assessments in 2017 and 41 audits on high-risk suppliers, seeking to ensure that they employ appropriate practices



### Shareholders/investors/analysts

We enter into dialogue with the financial community through a range of media, including year-to-date and quarterly results, announcements and presentations; corporate website and other electronic media; roadshows, investor conferences, and topical and educational investor science webcasts and events; and incoming telephone and email enquiries.

#### Outcomes for shareholders/investors/analysts

Beginning with the fourth quarter 2017 earnings call, we will report on sustainability-related occurrences by incorporating content within the year-to-date and quarterly results for investors.



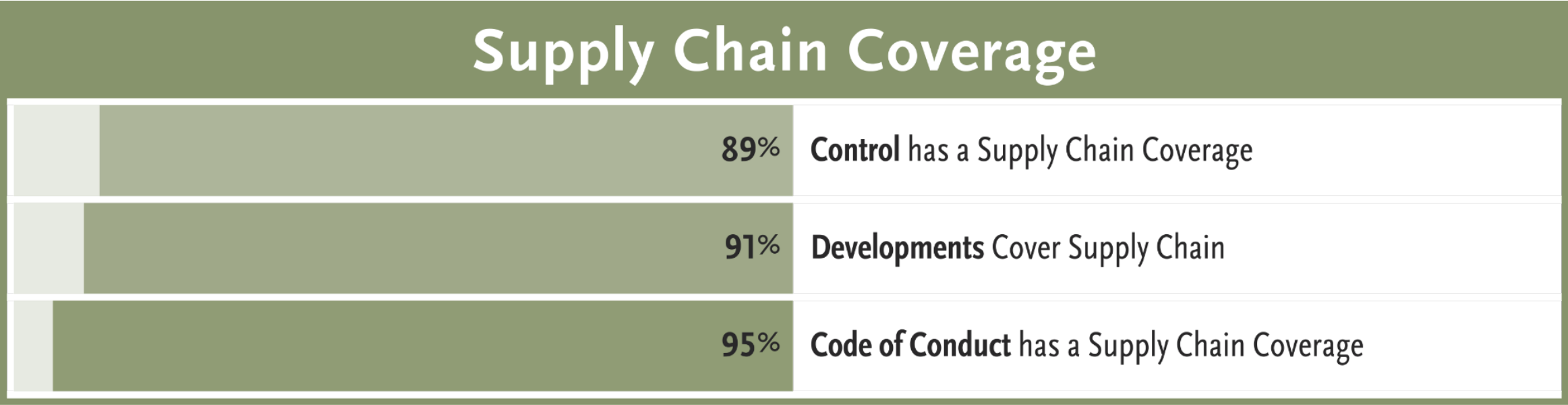
### Government bodies and regulators

We, along with other biopharmaceutical companies, continue to work openly and transparently with policymakers and regulators to increase access and improve outcomes, and to support an environment that fosters medical and scientific innovation and value.

#### Outcomes for government bodies and regulators

We partner directly with governments to improve healthcare infrastructure and access to medical

Global Sustainability Leaders (GSL)  
take action about their supply chain



Based on Argüden Governance Academy research for Sustainability Governance Scorecard®

## Supply Chain Audit

Presents “process page” which describes how they audit suppliers and consider the levels/stages of risk for various suppliers and “results and action page” which gives information on audit results (ie. high risk suppliers) and remedial actions.



### THE AUDIT PROCESS

#### OUR APPROACH TO RISK AND EVALUATING SUPPLIERS

We have developed a risk-based approach which we believe allows us to have the greatest impact in preventing and remediating human rights and labour issues in our supply chain.



All our suppliers are asked to complete a self-declaration regarding their compliance to the Mandatory Requirements of the RSP. We segment suppliers based on a risk assessment using externally available indices of business and human rights risks from expert sources.

Suppliers in the highest risk segment are required to undergo an independent third-party audit. Raw material or finished goods suppliers are required to undergo an on-site audit, while service suppliers need to undergo a remote desk-top audit.

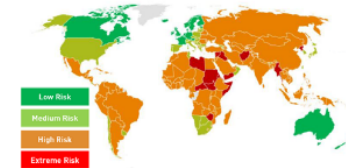
**DURING 2015 AND 2016  
2,084  
SITES WERE  
AUDITED**

During the course of an on-site audit, all non-conformances are recorded to indicate where a supplier's site does not align with our RSP Mandatory Requirements.

A supplier must provide a time-bound corrective action plan to address and remediate non-conformances, and the auditor must confirm the remediation has effectively addressed the non-conformance in a follow-up audit within a 90-day period for the supplier to be RSP compliant.

### DUE DILIGENCE FOR RESPONSIBLE SOURCING

Country Risk Assessment



Unilever uses a risk based approach to determine which supplier sites need to undergo additional due diligence, which can include 3<sup>rd</sup> party audits. The risk based approach uses country risk as one element of the risk assessment.

Non-conformances found in the audits require an action plan by the supplier to be implemented and verified in a follow-up audit to confirm and verify that the identified issues have been effectively remediated.

Unilever is focused on effectively and positively improving the conditions for workers in the supply chain, not simply identifying the issues, and this is why we continue to work with our suppliers to address the more difficult issues through identifying and tackling root causes.

Audit Sites



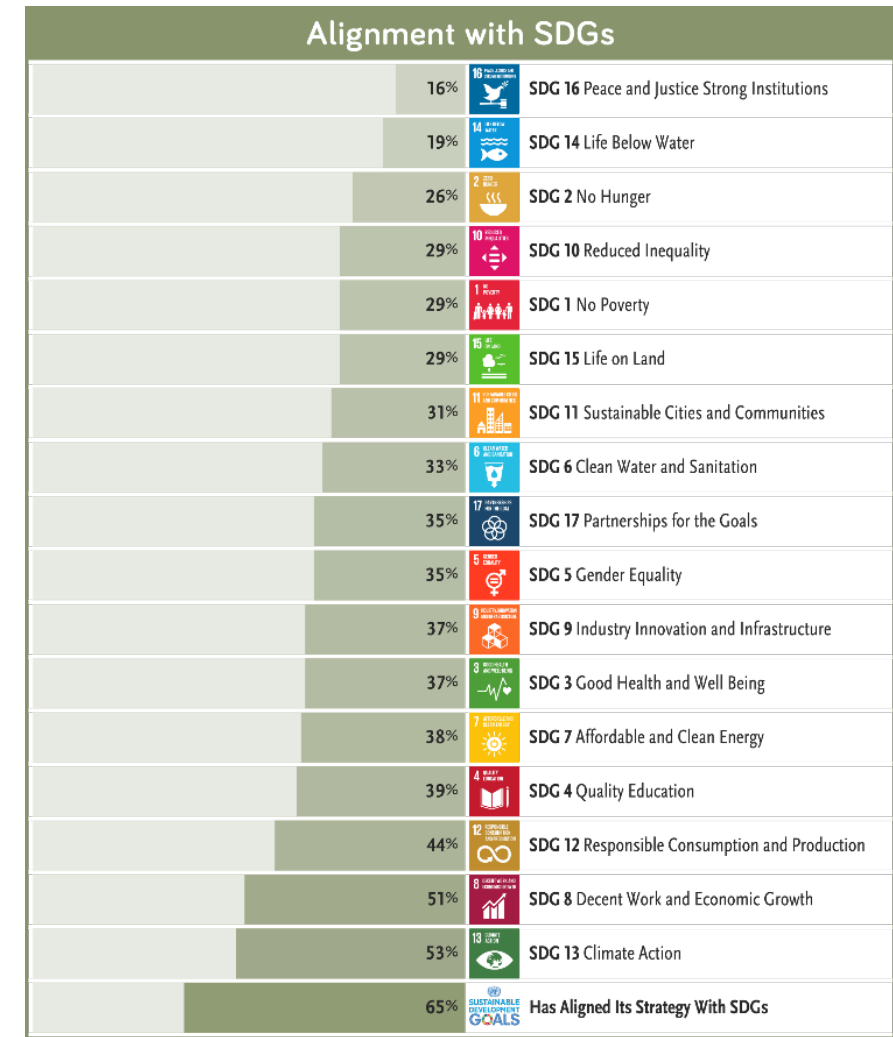
Total number of suppliers risk assessed to date	44,290
Number of suppliers classified as High Risk	11,287
Total Responsible Sourcing audits to date	4,300
Total audits of high risk suppliers in last 3 years	2,033
Number of high risk suppliers with identified issues in last 3 years	1,467
Number of high risk suppliers with verified corrective action plans in last 3 years	1,175

Source: Unilever Human Rights Report 2017, p. 18 / Unilever's Supply Chain Overview May 2018, p. 17

## Global Sustainability Leaders (GSL) need to take leadership about SDGs

Only 65% of GSLs  
link their strategy to SDGs.

SDG 16 & SDG 14  
have the lowest percentage of  
adoption among the GSLs



Based on Argüden Governance Academy research for Sustainability Governance Scorecard®

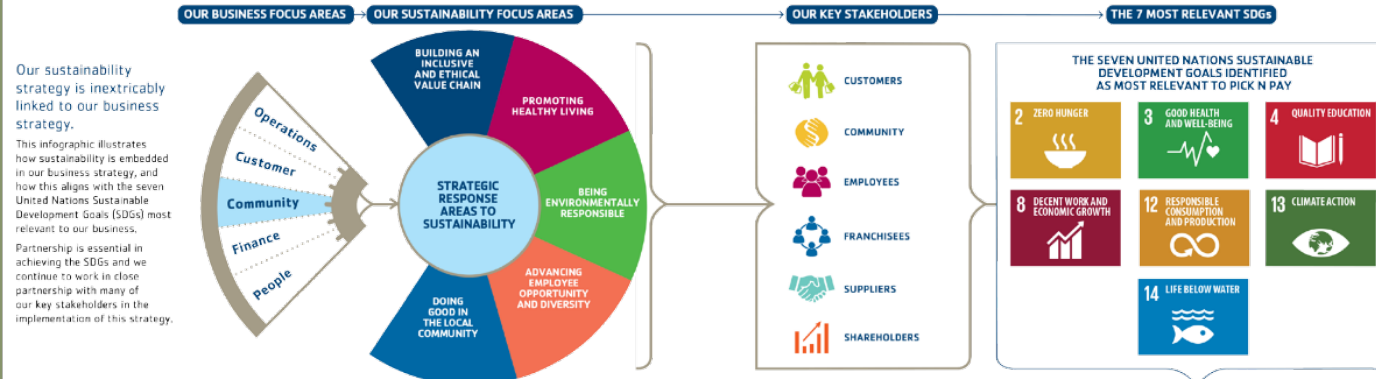
## Link to SDGs

Presents a clear process showing how to **integrate SDGs** into reporting by **linking strategy**, **engaging stakeholders** and **fostering partnership**.



### PARTNERING TO MEET THE UNITED NATIONS

### SUSTAINABLE DEVELOPMENT GOALS (SDGs)



DETAILS OF THE 7 MOST RELEVANT SDGs			
<b>2 ZERO HUNGER</b> 	<b>SDG 2030 GLOBAL TARGET</b> NO ONE WILL GO HUNGRY ANYWHERE IN THE WORLD	<b>WHAT WE ARE DOING TOGETHER WITH OUR PARTNERS</b> <ul style="list-style-type: none"> <li>We donate more than <b>2 000 tonnes</b> of surplus food to foodforward SA per year, which is used to make <b>20 000 meals</b> every day for those in need. Page 23</li> <li>Since 2013 the PnP Ackerman Foundation has worked with communities across <b>62 municipalities</b> in the establishment of <b>362 community food gardens</b>, enabling <b>4 000 families</b> to feed themselves. Page 32</li> </ul>	
<b>3 GOOD HEALTH AND WELL-BEING</b> 	<b>SDG 2030 GLOBAL TARGET</b> REDUCE DEATHS THROUGH NON-COMMUNICABLE DISEASES SUCH AS HEART ATTACK, OBESITY AND DIABETES	<b>WHAT WE ARE DOING TOGETHER WITH OUR PARTNERS</b> <ul style="list-style-type: none"> <li>Reduced salt content in <b>96</b> private label products. Page 16</li> <li>Launched new PnP "Live Well" and "Free From" brands with specific nutrition or health attributes. Page 16</li> <li>PnP HealthyFood™ programme offers discounts to Vitality members. Page 17</li> </ul>	
<b>4 QUALITY EDUCATION</b> 	<b>SDG 2030 GLOBAL TARGET</b> ALL BOYS AND GIRLS WILL HAVE ACCESS TO QUALITY EARLY CHILDHOOD DEVELOPMENT, PRIMARY AND SECONDARY EDUCATION	<b>WHAT WE ARE DOING TOGETHER WITH OUR PARTNERS</b> <ul style="list-style-type: none"> <li>The PnP Schools Club works together with HOI Youth Marketplaces in the provision of educational resources to <b>3 025 local schools</b>, reaching <b>5.7 million learners, teachers and caregivers</b></li> <li>Launched a pilot project called Sifanda Ngokushetha ("We learn by talking together") at one store, turning the store into a <b>learning centre</b>. Page 33</li> <li>Every year, the partnership between Pick n Play and SANParks allows <b>5 000 children</b> the opportunity to visit National Parks through the Kids in Parks Programme</li> </ul>	
<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	<b>SDG 2030 GLOBAL TARGET</b> EVERYONE WILL HAVE A DECENT JOB	<b>WHAT WE ARE DOING TOGETHER WITH OUR PARTNERS</b> <ul style="list-style-type: none"> <li>We work with <b>10 000 suppliers</b> in our supply chain with a total procurement spend of <b>R67.7 billion</b>, which provides employment to more than <b>400 000 people</b></li> <li>We worked with ABSA, the Gauteng Department of Economic Development (GDED), the Old Mutual Foundation and the Masibizane Fund to convert <b>five independent township grocers</b> into thriving convenience stores creating <b>45 jobs</b>. Page 10 and 11</li> </ul>	
<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	<b>SDG 2030 GLOBAL TARGET</b> WE'LL HALVE GLOBAL FOOD WASTE AND ACHIEVE EFFICIENT USE OF RESOURCES	<b>WHAT WE ARE DOING TOGETHER WITH OUR PARTNERS</b> <ul style="list-style-type: none"> <li>We worked closely with a number of partners to launch an ambitious food waste composting project, which will process up to <b>4 tonnes</b> of food waste from PnP Stores every day. Pages 24 and 25</li> <li>BioGreen Diesel has worked closely with Pick n Play since 2010. Through this partnership, <b>2.3 million litres</b> of used cooking oil have been converted into <b>biodiesel</b>. Page 23</li> <li>Over the past financial year, we sold <b>1.35 million reusable bags</b> and recycled <b>5 000 tonnes</b> of waste in our reverse logistics project. Page 22</li> </ul>	
<b>13 CLIMATE ACTION</b> 	<b>SDG 2030 GLOBAL TARGET</b> WE'LL STRENGTHEN RESILIENCE AND IMPROVE AWARENESS OF CLIMATE CHANGE	<b>WHAT WE ARE DOING TOGETHER WITH OUR PARTNERS</b> <ul style="list-style-type: none"> <li>Our partnership with Energy Partners has yielded a reduction in energy intensity of <b>34%</b> since 2008, generating savings of <b>R1.3 billion</b>. Page 20</li> <li>We installed <b>low-emission hybrid refrigeration systems</b> at all new and refurbished stores (60 stores to date). Page 20</li> <li>We installed <b>solar PV</b> at two distribution centres and one major store, with more to come in 2018. Page 20</li> </ul>	
<b>14 LIFE BELOW WATER</b> 	<b>SDG 2030 GLOBAL TARGET</b> WE'LL END OVERFISHING AND DESTRUCTIVE FISHING PRACTICES	<b>WHAT WE ARE DOING TOGETHER WITH OUR PARTNERS</b> <ul style="list-style-type: none"> <li>Since 2010 we have invested <b>R15 million</b> in the WWF Sustainable Fisheries Programme. Page 8</li> <li>More than <b>1 500 local fishers</b> have been trained through the Responsible Fishing alliance</li> <li><b>83%</b> of all of our products by sales meet our seafood sustainability targets. Page 8</li> </ul>	

Source: Pick n Play Sustainable Living Report 2017, p. 2-3

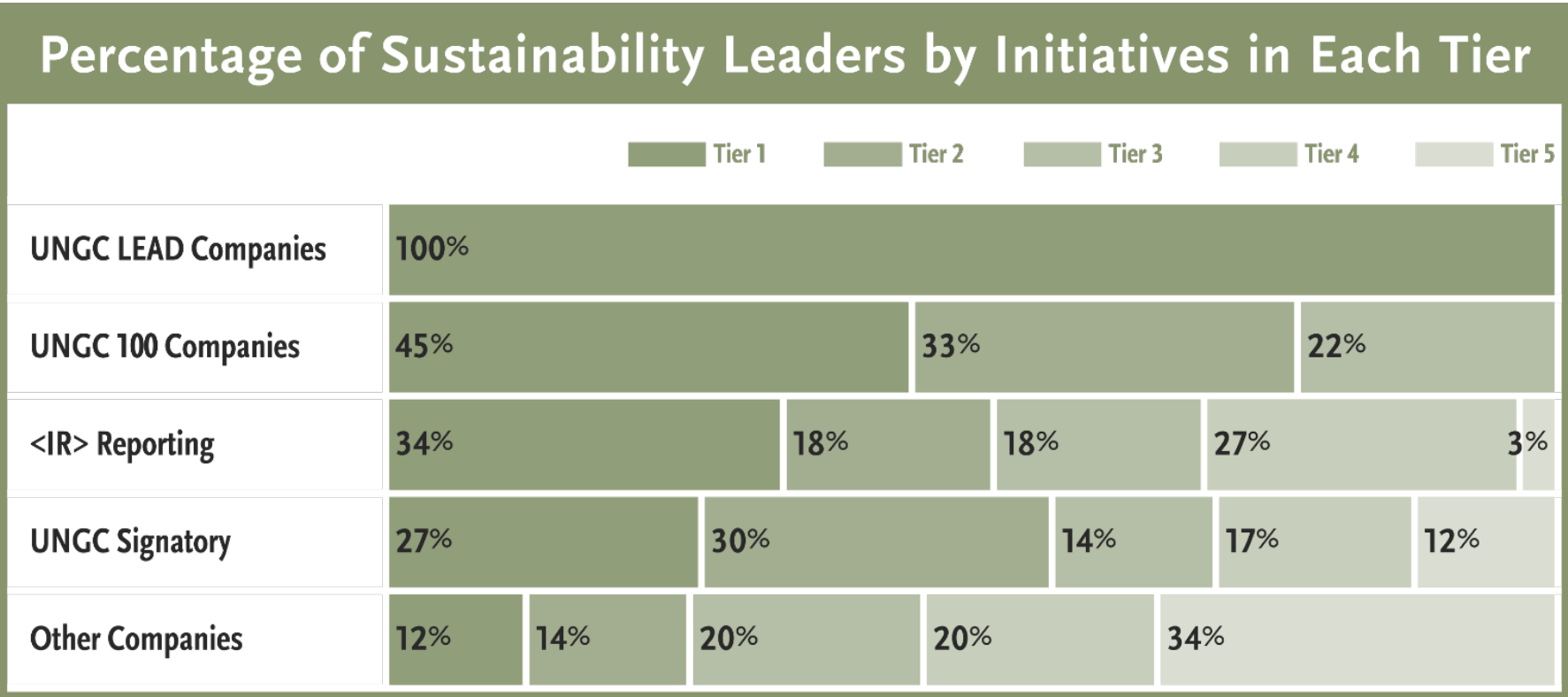




Source: BMW Group Sustainable Value Report 2017, p. 15

<IR> & UNGC

Among the GSLs, 60% of Tier 1 companies embrace UNGC and 37% have adopted <IR>, whereas among Tier 5 companies, the numbers are 23% and 3% respectively.



Based on Argüden Governance Academy research for Sustainability Governance Scorecard®

## Two Key Conclusions about Global Sustainability Leaders

Significant room for  
improvement about the  
sustainability programs

Peer-to-peer learning  
opportunities based on  
good practices

Among the GSLs

those who are **UN Global Compact Signatories** & adopted (<IR>) Framework  
have better chances of **incorporating sustainability into their culture.**





# How can stakeholders benefit from the SG Scorecard?



## Boards & Management can;

- Have guidance about how to support supply chain and life cycle coverage
- Motivate business leaders to peer learning via good practices
- Describe and clarify how to build trust, alleviate risks, drive innovation and consequently grow faster.



## Investors can;

- Motivate business world to take action about sustainability of the planet.
- Promote end to end value chain approach about Sustainable Development Goals.

## Regulators can;

- Provide guidance to benchmark country good practices to improve value creation and reporting quality.
- Motivate learning from peers via promoting successful practices
- Assess the achievement of various implementation.



## Civil Society Organizations can;

- Create value to long-term goals by promoting the SG Scorecard.
- Raise awareness for the SDG's on consumers and communities' level.
- Assist the organizations on how to support their goals with SDGs.





**[www.argudenacademy.org](http://www.argudenacademy.org)**



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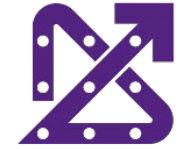




For more information about **Sustainability Governance Scorecard**  
please visit <http://sgscorecard.argudenacademy.org/>

# Argüden Governance Academy

A Foundation Dedicated to Improve Quality of Governance



**ARGÜDEN  
GOVERNANCE  
ACADEMY**

Good Governance for  
Quality of Life