APPENDIX 4.2:
STREAM A2 ASSESSMENT REPORT

POSSIBLE INPUT FROM EXISTING INITIATIVES

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European Reporting Lab
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DISCLAIMER

This appendix forms part of a series of seven documents, comprising the report and its appendices prepared by the European Lab Project Task Force on preparatory work for the elaboration of possible EU non-financial reporting standards (PTF-NFRS), for submission to the European Commission in response to a mandate including a request for technical advice dated 25 June 2020.

The contents of the PTF-NFRS report and its appendices are the sole responsibility of the PTF-NFRS. The European Lab Steering Group Chair has assessed that appropriate quality control and due process had been observed to the extent possible within the context of the relevant mandate and the timeframe allowed, and has approved the publication of the PTF-NFRS report and its appendices. The PTF-NFRS report and its appendices do not represent the official views of EFRAG and are not subject to approval by the EFRAG governance bodies: EFRAG General Assembly and the EFRAG Board; or the European Lab Steering Group.

As regards the views expressed in the PTF-NFRS report and its appendices the following observations and clarifications should be noted:

- the PTF-NFRS report taken as a whole reflects a very large consensus;
- it is understood that members of the PTF-NFRS are not expected to endorse each and every one of the 54 detailed proposals in the PTF-NFRS report and may have different views on some of them;
- in addition the views expressed may not reflect the views of the organisations or entities to which individual PTF-NFRS members may belong;
- the assessment work for the different project focus areas, presented in Appendices 4.1 to 4.6 to the PTF-NFRS report, was the result of separate sub-groups of the PTF-NFRS, for which only peer review within the PTF-NFRS was performed.

Links are included in the PTF-NFRS report and its appendices to facilitate readers accessing the reference or source material mentioned. All such links were active and functioning at the time of publication.

Questions about the European Lab and its projects can be submitted to EuropeanLab@efrag.org.

EXECUTIVE SUMMARY

1 An assessment of the 95 initiatives of non-financial information (NFI) was conducted through data collected using questionnaires filled in by the organisations themselves and additional research. Among these 95 initiatives, 7 have both a non-sector and a sector-oriented framework, making for a definitive list of 88 unique initiatives.

2 Out of the 95 initiatives assessed, 14 are Generic, 29 are Topical, 28 are Sectorial and 24 are SME-focused – as per the definitions given in the Glossary. This classification is used as reference throughout the report. The detailed list of initiatives in scope can be found in Appendix 2.

3 The detailed analyses of this document are organised in 3 main blocks:

a) A 1st block gathering all the analyses on the identity features of all the initiatives and their main orientations in terms of organisation, structure, management, etc. The sub-parts of that block are 1) Analysis of the entire arena, 2) Purposes & Perspectives, 3) Funding & Governance, 4) Adoption, 5) Convergence & Harmonisation, 6) Due processes

b) A 2nd block describing a Credibility assessment made on all initiatives, based on the data gathered and using the ISEAL Methodology framework (see the specific chapter for more explanations)

c) A 3rd block analysing all the data points (e.g. KPI or indicators, please refer to the Glossary) encompassed by the Generic and Topical initiatives in the scope (42 initiatives)

4 The 1st and 2nd blocks of the Assessment are built at the initiative level, analysing the 95 initiatives (or 88 unique occurrences) in scope.

5 The 3rd block is built at the data point / KPI level, analysing a total of 4,597 data points encompassed in the 42 Generic & Topical initiatives. KPI analysis was not possible for the Sectorial and SME initiatives.

6 The 3rd block also contains an autonomous analysis of the Intangibles field of play, which is included in the non-financial scope in its broadest sense (please refer to the Glossary for a definition).

7 Overall, this Assessment report aims at paving the way to the recommendation that will meet the Stream objectives described below, without jumping to recommendations now. Therefore, the Assessment does not in itself provide recommendations on best practices nor does it classify initiatives, nevertheless it provides all the relevant information on the various Assessment topics to do so in the Recommendation phase.

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INTRODUCTION AND OBJECTIVES

8 Based on the workplan that was presented and adopted by the PTF during its kick-off meeting on September 11, 2020 Stream A2 focused on the following assessment objectives:

a) map and assess all significant initiatives according to relevant criteria allowing a fair assessment, comparison and classification,

b) identify which good practices should be taken into account,

c) evaluate the level of recognition and implementation by preparers and users,

d) classify initiatives and evaluate possible input for EU NFI.

DETAILED ANALYSIS OF THE CURRENT STATE OF PLAY

ANALYSIS OF THE NON-FINANCIAL REPORTING ARENA

General remarks

9 The non-financial reporting arena (e.g. the entire international ecosystem of non-financial reporting guidelines, standards, frameworks, legislation, benchmarks programs, etc.) is vast and composed of legal requirements (e.g. Grenelle II law in France – notably addressed by A1 Stream), private benchmarks (e.g. DJSI) and private Initiatives that have issued list of indicators. Initially, the analysis of initiatives had been restricted to initiatives that have a public information (excluding initiatives where the indicator list was private for commercial reasons), an indicator list and were covering a geography of more than a single country. Because the search for SME related indicators and intangible indicators list was much more limited using those criteria, a number of national list of indicators (SMEs) and private initiatives (intangibles, SMEs) have been included. Please refer to Appendix 1 to have a full vision of the methodology of this Assessment. The complementary documents that support the Assessment and which are not included in this report are listed in Appendix 6.

10 We gathered a total number of 95 initiatives. 7 initiatives are common between generic, topical and sectorial, making a net total of 88 initiatives analysed. The classification below is the one used throughout this document. Please refer to Appendix 2 for the detailed list of NFI initiatives considered in this report. Please refer to the Glossary to have a definition of the different terms used to classify the initiatives.

GENERIC	14
TOPICAL	29
SECTORIAL	28
SMEs	24
TOTAL	**95**
Sectorial initiatives common with Generic and Topical ones, not counted twice to avoid redundancies	-7
NET TOTAL	**88**

11 The growth initiatives (+300% from 2010 to 2020) illustrates a significant, and constantly increasing, trend towards the development of new non-financial information references, suggestions, or recommendations. However, this trend encompasses a variety of approaches and focuses which, whilst providing different options for different company situations, serves various stakeholder needs and reporting purposes and also makes choices and implementation difficult and costly for reporting entities and hinders reliability and comparability. (table based on generic and topical initiatives, a total of 43, with 3 without a date).

1997-2009	10
2010-2015	11
2016-2020	19

12 Despite the current number of initiatives, new initiatives are continuing to emerge (WEF (2020), CFA (2021), UNGC (2021), Gender Equality initiative with BSR/UNGC (2021)). This can be interpreted in three ways: a. there is no consensus on what the indicators should be to date, and no initiative that has driven consensus (and there is not a single consensus either on what the reporting objectives should be, and what the users' and preparers' expectations are), b. there are new topics emerging and updates in non-financial topics' knowledge base requiring updated or new initiatives to tackle expert issues, c. geographical coverage of initiatives is uneven, e.g. the initiative of the CFA institute for example is saying that their initiative will help regions not yet well covered (Asia, Latin America) to adopt non-financial reporting standards.

13 Generic and topical Initiatives have mostly a global geographical coverage (81%), meaning that the initiatives aim at covering and can indeed be applicable to the largest possible international scope (which does not imply that it is currently the case). An interesting point of view on geography is the one taken by B Impact Assessment that has three categories of questions by geography: Developed; Developed-Global; Emerging.

14 The number of data points for generic and topical initiatives is 4,597. The mean data points by initiative is 112. Please refer to the Glossary for the definition of a data point. Throughout this document, an indicator or a KPI is considered similar to a data point.

TYPE OF INITIATIVES	MEAN DATA POINTS	TOTAL NUMBER OF DATA POINTS
Generic	188	2,629
Topical	73	1,968
Total	**112**	**4,597**

Generic initiatives

15 The generic initiatives can be split into three categories: 1) initiatives directly linked with Sustainable Development Goals and/or Planetary Boundaries and Social Foundations (4 initiatives), 2) large initiatives with more than 100 data points that do not fit into the previous category (4 initiatives), and 3) smaller initiatives with fewer than 100 data points (which are generally more recent, and do not fit into the 1st category) (6 initiatives).

16 The second category is composed of large initiatives with a total number of data points above 100. 3 of those initiatives are from the 1st wave (before 2010), and one is recent (2019, in Poland, in relation to the application of the current NFRD directive). 3 initiatives include sectorial elements, and 2 initiatives are linked to reporting for "impact".

17 The mean data points for generic initiatives is 305 (total 1220 indicators).

INITIATIVE	NUMBER OF DATA POINTS
B Impact Assessment	485
GRI Standards	156
IRIS+	456
nFIS FSR	123
Mean by initiative	**305**

18 The third category encompasses initiatives with a total number of data points under 100. One initiative is from 2011, the others five have all been launched since 2017, demonstrating a tendency to drive towards a low number of core indicators. Two initiatives are linked to stock exchanges, two initiatives are linked to the United Nations (UNCTAD) and two initiatives are linked to business coalitions (WEF & the Sustainability Code of the German Council for Sustainable Development).

19 The mean data points by initiative for this category is 51 (total 304 indicators).

INITIATIVES	NUMBER OF DATA POINTS
Athens Stock Exchange	25
Nasdaq	53
Sustainability Code German Council	65
UNCTAD	71
UNCTAD ISAR	34
WEF Core Indicators	56
Mean by initiative	**51**

20 Coming back to the first category, it is composed of 4 initiatives that are dedicated to reporting on the SDGs. Other initiatives, including the GRI, SASB (which is considered a Sectoral initiative) or the UNCTAD Core indicators for entity reporting on contribution towards implementation of the SDGs have all connected to the SDGs. It seems that the SDGs have become a key framework for current non-financial reporting, to which most non-financial reporting initiatives refer. One initiative is closely connected to planetary boundaries and social foundations (The Future Fit Benchmark).

21 The mean data points by initiative for this category is 276 (total 1,105 indicators).

INITIATIVES	NUMBER OF DATA POINTS
An Analysis of the Goals and Targets	628
BCtA indicators	40
Future Fit Benchmark	46
SDG AM	391
Mean by initiative	**276**

Topical initiatives

22 There are 29 topical initiatives. They cover environmental issues (13), social issues (11) and intangibles (5). Interestingly, they cover certain SDGs that were traditionally not covered by generic initiatives: WASH (Water, Sanitation, Hygiene, SDG 6), forests (SDG 15), poverty (SDG1), circularity (SDG 12), or less covered: Gender equality (SDG 5), Human Rights (all SDGs), corruption (SDG 16).

INITIATIVES	NUMBER OF DATA POINTS
Circularity	2
Climate	3
Environment	2
Forest	2
Packaging	1
Water	3
Corruption	2
Gender Equality	5
Human Rights	2
Poverty	1
WASH	1
Intangibles	5
Total	**29**

23 37% of the initiatives have come from NGOs, 21% from investor organisations, and 17% from governmental organisations. The rest comes from various private entities.

24 Despite the 29 topical initiatives, there are a certain number of sustainability topics (considered in their widest sense and notably deriving from the 3 ESG pillars: Environment, Social, Governance) that have not been covered by topical initiatives: health, biodiversity, education, equity, ocean… On the other hand, Gender Equality has had five different initiatives dedicated to it.

25 There are (on 28 initiatives out of 29, as one initiative declined access to their data points) 1968 points for topical initiatives, a mean of 73 data points per initiative.

Sectorial initiatives

26 There are three types of initiatives: initiatives that are both generic/topical and sectorial (7, see below), pure multi-sectorial initiatives (3 of them: SASB, ADEME and EFFAS), and single sector initiatives (18). The table below shows the 7 initiatives who have core indicators (common to all industries) and a set of sectorial indicators. GRI has the intention to cover 'all high-impact sectors, starting with those with the highest impact on sustainable development' (the current supplements are for certain sectors only), B Impact Assessment has 5 broad sectors covering all industries. The rest have selected industries covered.

GRI	Generic
B Impact Assessment	Generic
IRIS+ System I Standards (Impact Reporting and Investment Standards)	Generic
CHRB	Topical
ACT	Topical
WICI	Topical
CDP	Topical

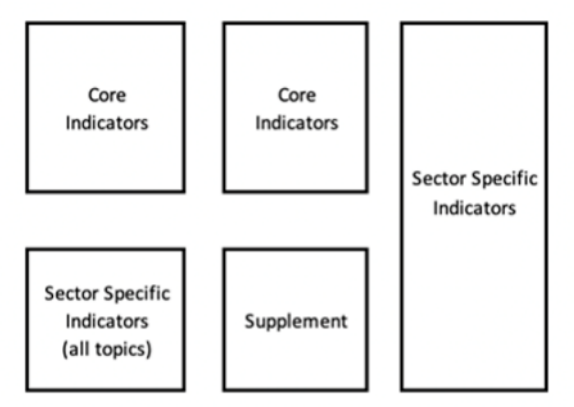
27 Sector list used and number of sectors (industry). 3 ways of doing sectors: 1/ sector list (e.g. SASB, GRI) 2/ large sectors (e.g. B impact Assessment), 3/ most impacting sectors only (e.g. TPI with 16 high carbon sectors). B Impact Assessment

has the following sectors: Agriculture/Growers, Manufacturing, Service, Service with Significant Environmental Footprint and Wholesale/Retail. SASB follows a 77 industries list. The GRI sector program will develop 40 sector standards. For the GRI, the sector/sector groupings have been determined taking into account a range of sector classification systems, the commonality of activities and impacts, and how the sector/s self-identify. They have therefore decided not to refer to a specific list. When initiatives are only sector specific, like SASB, there are no common indicators across sectors & industries.

28 There is no convergence on the industry list to be used, nor on the most impact sectors as this depends on the impact selected (gender equality will not have the same impactful sectors as GHG emissions).

CDP	GRI	SASB
Agricultural commodities	Agriculture and fishing	
Capital goods		Infrastructure
Cement		
Chemicals		
Coal	Coal	
Construction	Utilities	
Electric utilities		
	Renewable energy	Renewable Resources & Alternative Energy
Financial services	Banking, Insurance, Asset management	Financials
Food, beverage & tobacco	Food and beverages	Food and beverages
Metals & mining	Mining	Extractives & Minerals Processing
Oil & gas	Oil and Gas	
Paper & forestry	Forestry, paper and rubber	
Real estate		
Steel	Iron, steel and aluminium	
Transport OEMS		Transportation
Transport OEMS – EPM		
Transport services		
All other sectors	Textiles and apparel	Consumer Goods
		Health Care
		Services
		Resources Transformation
		Technology & Communication

29 The indicators by sector can be generic + sector specific (on all topics), generic and supplement (formerly GRI, B Impact Assessment) or sector only (e.g. EFFAS, SASB). The new sector standards by the GRI can be read independently to understand the context and significant impacts of a sector, however, they are not intended to be used by reporters in a standalone capacity. Instead, they are intended to be used along with the GRI Universal and Topic Standards (first column of the figure below).

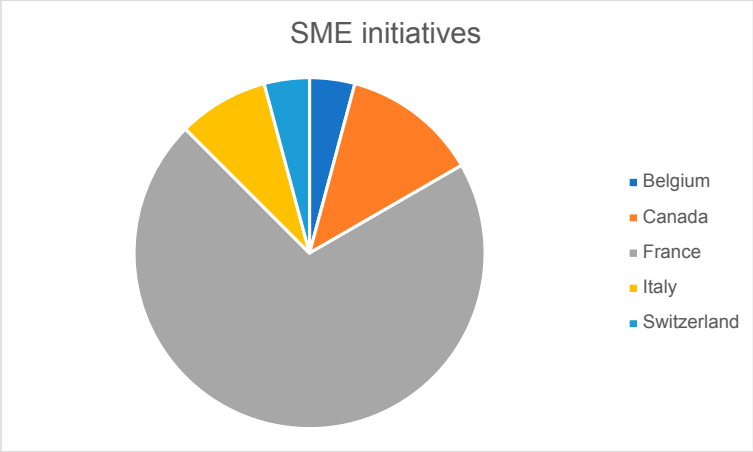


30 Out of the 18 single sector initiatives, agriculture, forestry and fishing and manufacturing are the most covered sectors.

AGRICULTURE, FORESTRY AND FISHING	**4**
Aquaculture	1
Forestry	3
MANUFACTURING	**6**
Cement	2
Food	2
Manufacturing; Pharmaceutical	1
Toy industry	1
MINING AND QUARRYING	**3**
Extraction; Coal & lignite mining; Metal ore mining; Other mining; Mining support services	1
Oil & Gas	2
REAL ESTATE ACTIVITIES	**1**
Real estate	1
TRANSPORTATION AND STORAGE	**3**
Cargo freight	1
Transportation	1
Transportation & storage; Land & pipeline transport; Water transport; Air transport; Warehousing & support; Postal & courier	1
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	**1**
Waste recovery, collection, treatment & disposal	1

SME initiatives

31 There are 24 initiatives for SME indicators. Despite an intense research phase in different countries, it was not possible to collect many initiatives in Europe. In the sample, 17 initiatives come from France. The difficulties of finding SME initiatives come from their geographical specificities (regional, in local languages) and their relative anonymity (apart from being used regionally or country wide).



32 SME initiatives in our sample have come from local governmental bodies, academic research centres and consultancies. They often lack due processes, and many are one-off initiatives with no revision process.

33 Apart from SME dedicated initiatives, there are several ways that SME specificities are being addressed. Many initiatives refer to an SME version (GRI, CDP) which consist of fewer questions than the full one. For example, the GRI Standards offer the GRI-referenced option for companies to get started with reporting. This allows SMEs to start on a smaller scale than with the full-fledged in accordance report, while still using the same Standards as larger and more experienced reporters. B Impact Assessment has created questions per size (0, 1 to 9, 10 to 49, 50 to 249, 250 to 999 and 1000+ employees). This leads to a number of questions for SMEs under 50 data points. The adaptation of the B Impact Assessment also covers very small enterprises, whereas it was not indicated in the 24 initiatives analysed whether they were covering larger SMEs rather than small ones. The LUCIE TPE/ TPO repository has a simplified version adapted to the challenges and reality of organisations of less than 10 people: it deals with the 7 central questions of ISO 26000, while remaining practical and pragmatic with a reduced number of principles of action (14 instead of 25 for the LUCIE 26000 referential). The threshold of over and under 10, or 50 employees seems to make a difference in terms of capacity to report. Some initiatives have also mentioned being tested by SMEs (the ACT Framework for example) and therefore being adapted to them per say. Future Fit Benchmark has also mentioned being able to provide an SME tool in the future, with adapted language.

34 Another source of SME indicators could be the supply chain questionnaires (mostly private, to the exception of the CDP Supply Chain Questionnaire), which are sent at the request of the customer (e.g. EcoVadis). It is necessary to take into account the value chain view of the economy in the SME initiatives. Those initiatives were not analysed in our assessment as they are mostly private.

INITIATIVES PURPOSE & PERSPECTIVES

35 Organisations behind initiatives have different missions. In the 14 generic initiatives, the word sustainability appears in most. Some clearly state their transformative mission, but the means stated are different, ranging from transparency, to economic systems change, to impact investing optimisation. The word 'inclusive' appears in several missions too. These broad missions are not well connected to the topic analysis (see KPI analysis) where it has been found a partial coverage of key sustainability issues. The missions stated by all generic initiatives can be found in Appendix 3.

36 The focus of the initiatives usually target several stakeholder groups, 65 out of 88 initiatives answered which stakeholder groups they target. The responses vary and do not show material differences. Two cautious observations might include 1) 'Investors & lenders, financial markets', 'Governments and public authorities' and 'Business partners & suppliers' are targeted most and 2) Topical initiatives focus more on 'Business partners & suppliers' compared to other types of initiatives.

	Generic	Sectorial	SME	Topical	GRAND TOTAL
Investors & lenders, financial markets	8	7	9	15	**39**
Governments and public authorities	7	7	9	10	**33**
Citizens and civil society stakeholders (NGOs and related communities)	5	3	8	7	**23**
Employees	7	4	10	7	**28**
Business partners & suppliers	9	6	9	18	**42**
End-users and consumers	5	2	8	2	**17**
Clients	5	6	8	5	**24**
Others	1	5	2	7	**15**

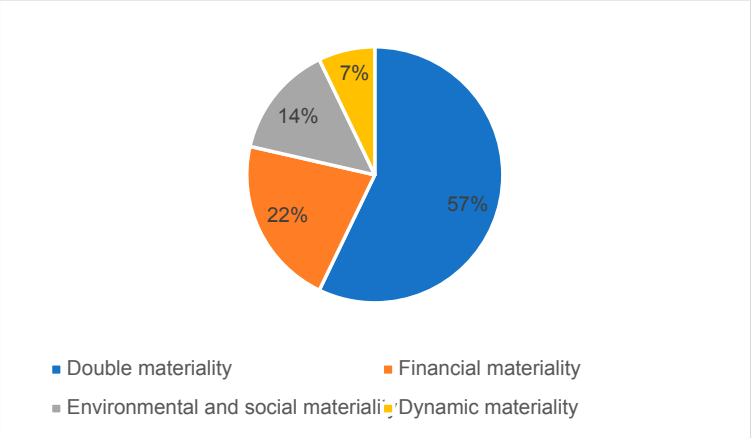
37 Out of the 65 initiatives saying to target stakeholder groups, the largest share (18 out of 65 hence 28%) tends to focus on a single category of stakeholder only. On the contrary, the 2nd highest share (13 out of 65 hence 20%) is represented by initiatives that indicate a focus on all the 7 types of stakeholders proposed, which seems to point towards an 'either one, either all' type of pattern across initiatives when it comes to targeted stakeholders. The details on this analysis can be found in the 'Initiatives database' listed in Appendix 6.

38 Equivalent proportions of initiatives (10%-15% each) report focusing on 2, 3, or 4 types of stakeholders, with no clear pattern regarding which types of stakeholders would generally be associated with one another.

39 A final way to look at those results is to notice that, when the above-stated proportions are aggregated, it appears that the majority of initiatives (41 out of 65, hence 63%) focus on at least 2 stakeholder groups.

40 In the 14 generic initiatives, various definitions of materiality were used, and it was not always easy to have a clear-cut definition. Overall, one can say that 57% of those initiatives use double materiality – even if some of them do not make a direct reference to the definition given by the EU, but are *de facto* using a combination of financial materiality and

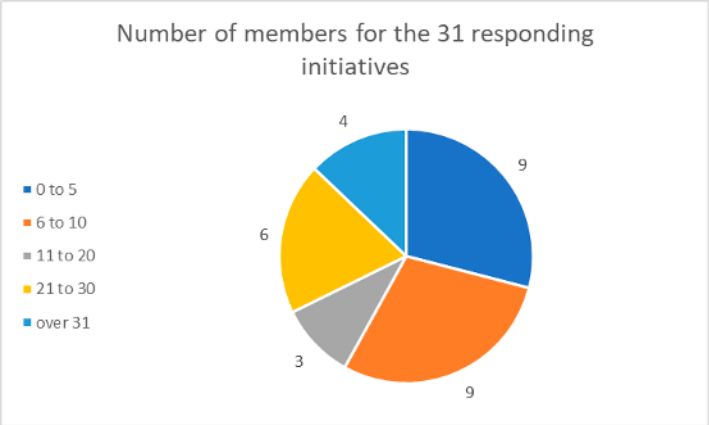
environmental & social materiality. The other initiatives either refer to financial materiality only or to Environmental & Social materiality only, and one initiative refers to the concept of Dynamic materiality.



FUNDING & GOVERNANCE

41 Out of the 88 initiatives within the assessment scope, 22 did not provide information regarding the governance mechanisms of the initiative (among which 10 refer to SME initiatives). Over the 66 that detail their governance, the level of details on actors involved in decision-making and implementing the decisions made is very variable.

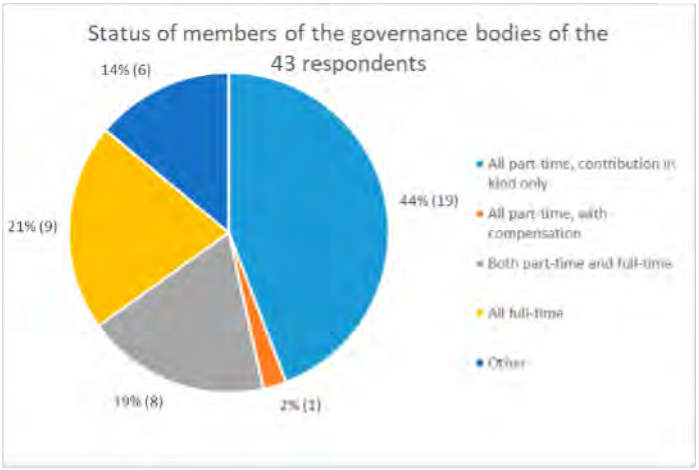
42 41 out of the 88 initiatives present the composition of their decision-making body and 31 provide figures on the number of their members. From small groups (around 5 people), the number of members can reach more than 30 members as illustrated in the figure here below. The median value is 10.



43 A variety of responses is also present regarding the description of governance structures that have been set in place to achieve and implement the decision. Some describe a single governance body; others have a two-tiered governance model with one supervisory board and one executive or steering committee. Larger organisations may have distinct committees such as, for example: an appointment committee, an expert committee, or a stakeholder committee.

44 The governance body with the ultimate decision on the initiative's activities varies from the board or executive committee to dedicated or member committee. In some cases, the ultimate decision can be also taken by the general assembly. Public oversight of the decision is usually linked to public character and/or funding of the initiative.

45 43 out of 88 initiatives provide the status of their members. Except for one initiative (SASB), members do not receive compensation. For 19 out of the 43, the decision-making body is composed of members in part-time with contribution in kind only. In 9 initiatives on 43, this body is only composed of full-time employees.

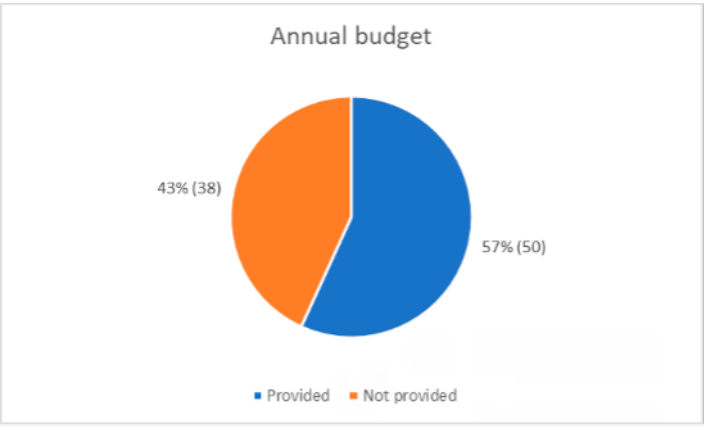


46 24 out of the 88 initiatives declare to have a governance mechanism that includes a panel of stakeholders. However, the principles of this representation (type / number of stakeholders) and the selection process of these stakeholders is rarely indicated. In some cases the type of stakeholders is limited to certain categories such as for instance issuers/investors; NGO/experts.

47 Among the initiatives describing their governance mechanism, the majority of initiatives (40 initiatives out of the 64) only declares one type of stakeholders in their decision body (employees, CEO of members' companies, directors of a Charity or a Foundation, etc).

48 16 initiatives disclose the presence of 'experts' in their governance body without always providing their background which may influence their views/stances/decisions.

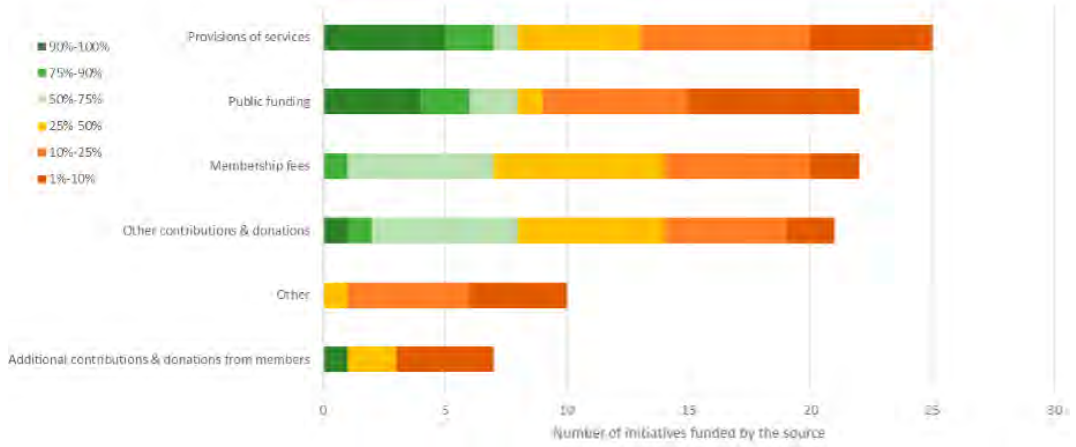
49 More than half of initiatives (50 out of the 88) disclose or have provided their annual budget. The disclosed amount varies strongly from initiative to initiative depending on the scope and mission of the organisation, and consequently does not provide a satisfactory benchmark nor interesting averages. There is no pattern depending on the type of initiatives. Some organisations only focus on the initiative while others have broader missions.



50 46 out of the 88 initiatives provide information on the origin of their funding (42 did not). For a majority of them, the sources of funding are multiple. The organisations rely mainly on 4 types of financial resources: provisions of services,

membership fees, public funding and contributions/donations. These kinds of resources are present for more than 20 initiatives. As illustrated in the graph below, these financial resources represent nearly the unique source of revenue for 10 initiatives (see dark green part with financing of more than 90%). The graph can be read as follows, taking the 1st bar as an example: there are 25 initiatives that take a part of their funding from provision of services; for 5 of them, provision of services accounts for 90% to 100% of all funding sources; for 5 of them it accounts for 1% to 10%; etc. The coloured sections represent the number of initiatives which take part of their funding from the specific source, to an extent shown by the percentages.

Share of the funding sources



51 13 out the 88 initiatives declare receiving contributions in kind and 18 declare having FTE that were contributing in kind to their organisation. Except the specific cases of publicly funded organisation (ADEME in France, UNCTAD ISAR) which declare hundreds of FTE in kind, most other initiatives have a couple of FTEs under this status.

ADOPTION BY PREPARERS, SUPPORT BY STAKEHOLDER GROUPS & USE IN REGULATIONS

52 The initiatives (40 out of 88) that shared adoption numbers did report a wide variety of the number of full adopters, ranging from 0 to 1,000,000. The definition of a full adopter is an organisation that formally and exhaustively adopted the initiative requirements to report on non-financial data points following the prescriptions of the initiative. Also, when removing the 10 initiatives that indicated that their number of full adopters is zero the range of answers is very wide. One cautious observation is that the number of full adopters by SME initiatives is substantially lower compared to Generic, Sectorial and Topical initiatives. It does not necessarily mean that SME initiatives have a lesser arithmetic count of adopters, but that their overall recognition, on average, is not as developed as the initiatives targeting all sizes of companies. Please refer to the table below for more details (data is derived from question 66 of the questionnaire sent to initiatives).

Number of full adopters

	Generic	Sectorial	SME	Topical	GRAND TOTAL
Minimum	20	3	100	15	**3**
Max	12,000	1,000,000	600	8,361	**1,000,000**
Average	*2,928*	*111,238*	*273*	*1,647*	***34,683***
Count of answers	8	9	4	9	**30**

53 Instead of full adoption entities can also refer an initiative or apply only parts of an initiative (e.g. a selection of questions/ datapoints of an initiative). Of the initiatives 35 out of 88 answered if their initiatives are used beyond full adaptation, of which 14 answered zero. The remaining answers do vary widely, ranging from 10 to 10,000. The details can be found below:

Number of entities beyond full adoption

	Generic	Sectorial	SME	Topical	GRAND TOTAL
Minimum	40	10	30	500	**10**
Max	10,000	1,045	700	9,600	**10,000**
Average	*3,048*	*284*	*270*	*4,113*	***2,267***
Count of answers	4	5	4	8	**21**

54 Initiatives have made extensive efforts to collaborate with governmental and/or stock exchanges initiatives to be referred to, at legislative or regulatory level. Also, inclusion in due diligence procedures increases the validity/recognition of initiatives.

55 Also, some initiatives try to partner with other market participants in order to increase reference to, or adoption of, their recommendations by preparers (e.g. the Transition Pathway Initiative who states that '87 investors globally have pledged support for the TPI to-date (October 2020), representing over $22.5 trillion combined Assets under Management and Advice.' Or the Workforce Disclosure Initiative who says 'We were referenced in the background paper to the WEF's 2020 Davos Manifesto. We work increasingly closely with many large reporting standards, including SASB.)'

CONVERGENCE AND HARMONISATION

Convergence efforts between 2014 and 2020

56 The first convergence efforts were undertaken by the Corporate Reporting Dialogue in 2014. The CRD is composed of the GRI, CDP, IASB, FASB (observer), ISO, SASB, CDSB, IIRC. They have issued:

a) In 2015: Landscape Report

b) In 2016: Materiality Report

c) In 2019: SDG alignment report

d) In 2019: Report on understand value of transparency and accountability

e) In 2019: The final report of the better alignment project on TCFD

57 The second convergence efforts have been led by the Impact Management Project under the Structure Network. This has led to the 'Statement of Intent' which was issued on September 11th. They have issued a second report 'Reporting on enterprise value, the climate prototype', in December 2020.

58 In the past, institutional convergences have been seldom. One can site the integration of the Forest Disclosure Project into CDP, the merger of the Social & Human Capital with the Natural Capital Coalition to form the 'Capitals Coalition' and in November 2020, the merger of the IIRC with SASB to form the Value Reporting Foundation.

59 Other efforts of convergence include MoUs and mappings.

Table: Commonalities documents

FIRST CSR INSTRUMENT	SECOND CSR INSTRUMENT	NAME OF PAPER
Global Compact	ISO 26000	An Introduction to linkages between UN Global Compact Principle and ISO 26000 Core Subjects (2010)
GRI	Global Compact	Making the connection. The GRI Guidelines and the UNGC Communication on Progress (2010)
GRI	ISO 26000	GRI and ISO 26000: How to use the GRI Guidelines in conjunction with ISO 26000 (2011)
ISO 26000	IIRC	ISO 26000 and the International Integrated Reporting <IR> Framework briefing summary
SASB	GRI/IIRC	SASB, GRI and IIRC (Table on webpage)
CDSB	IIRC	Making the connections (Table on webpage)

Source: Gibassier, 2015

Table: Memorandum of understandings

FIRST CSR INSTRUMENT	SECOND CSR INSTRUMENT	DATE
GRI	UNEP	2002
GRI	OECD	13 December 2010
GRI	CDP	24 May 2013
SASB	CDP	May 2013
CDP	Sustainability Consortium	--
IIRC	IFAC	7 September 2012
IIRC	IASB	7 February 2013
IIRC	GRI	1 March 2013
IIRC	WICI	12 June 2013
IIRC	CDP, CDSB	18 July 2013
IIRC	SASB	16 January 2014
IIRC	The Global Initiative for Sustainability Ratings	1 April 2014

Source: Gibassier, 2015

60 Two major initiatives have gathered convergence towards themselves: the SDGs (see “Analysis of KPIs”) and the TFCD (around financial materiality, and forward-looking information), notably through the better alignment project led by the CRD.

Efficiency

61 The criteria on efficiency come from the ISEAL Credibility Principles methodology (see below Due processes section). Out of the 88 NFI initiatives within the assessment scope, the efficiency assessment was not carried out for 39 of the initiatives, due to insufficient accessible data. Therefore 49 initiatives have been assessed on efficiency.

62 Most NFI initiatives assessed (46 out of 49) have indicated that they take into account other initiatives. The 3 that don't are not taken into account further in this assessment.

63 Out of the 46 initiatives that take into account other initiatives, most initiatives named are the Global Reporting initiative (24 times) and initiatives part of the UN like ILO, UNGP and the SDG's (27 times). Other frequently named initiatives are CDSB (6), SASB (8), CDP (10), TCFD (9) and the GHG Protocol (9). It is to be noted that it is possible that initiatives took more initiatives into account, but more were not found based on the questionnaire responses and the assessment of the initiative itself.

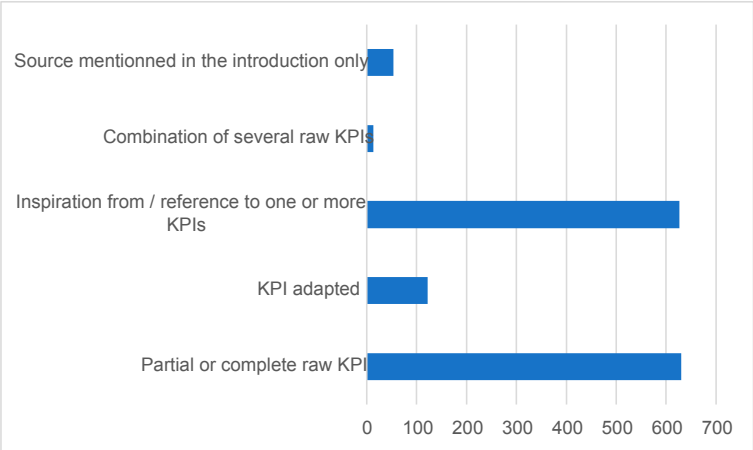
Cross-Reference of indicators between initiatives

64 Despite the lack of convergence in initiatives, there is convergence in indicators themselves. 31% have interlinkages to other frameworks.

65 The most cited frameworks are as follows:

NFI FRAMEWORK	NUMBER OF KPI FROM OTHER INITIATIVES MAKING A DIRECT REFERENCE TO THE FRAMEWORK
GRI	502
CDP	117
SASB	102
UNGP	94

66 The referencing is not always straight-forward and can be an inspiration/reference to other KPIs (the graph can be read as follows: more than 600 KPI assessed are an inspiration from or a reference to one or several KPI from other initiatives).



Similarities across indicators

67 We can also observe similarities across indicators that have wording differences but are trying to capture the same element. While the net amount of indicators can't be estimated because of the different in wording, we believe that convergence of indicators in mature areas is relatively high.

68 For example, across the performance indicators related to gender equality, you can find the four different wordings, trying to capture women managers across an organisation:

Number of paid full-time female management employees (managers) at the organisation as of the end of the reporting period.
How many of your company managers identify as women?
Number of managers divided by gender
Share of female managers (per cent)

69 Another example on the pay ratio for gender equality:

Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.
a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.
Ratio of average gross salary of women to average gross salary of men in particular categories/employee groups (e.g. executives, managers, other employees).
Average salary per gender
What is the percentage (%) of male and female employees, as a total of the direct operations workforce, whose basic salary is equal to the legal minimum wage, or just above?
Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.
Publicly discloses to company stakeholders the overall ratio and ratio by employee level of basic salary and remuneration of women to men

DUE PROCESSES OF STANDARD SETTERS

Assessment criteria and definitions

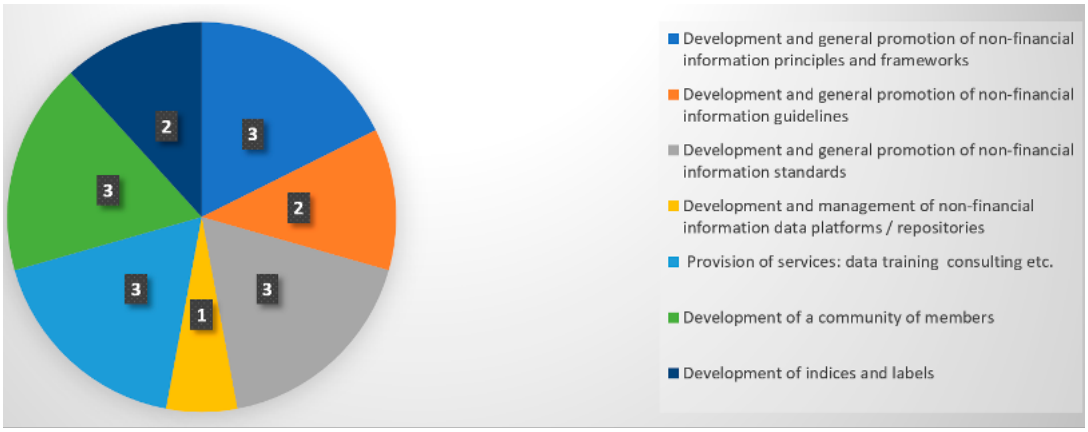
70 The sections below are aiming at assessing the due process of Standard Setters in the non-financial reporting arena, along several features from the ISEAL credibility standards: Formal due process, Decision-making Body, Public interest, Multi-stakeholder engagement and appropriate consultation, Transparency and accessibility, Oversight role, Improvement.

71 In this assessment, Standard Setters are the initiatives that declare themselves standard setters and that present a formalised due process on their website. There are 7 of them: GRI, SASB, PEFC label, Alliance for water stewardship, GIIN- IRIS+ System, SFI, and WICI. It is important to note here that it does not mean that those 7 initiatives are, per se, standard setters producing non-financial reporting standards. But out of the 95 initiatives analysed, it seems that only those 7 have indeed a structured due process and explicitly present themselves as standard-setters.

Initiatives in scope

72 The assessment was carried out for the **7** initiatives above, which represents **2 generic initiative**, **3 sectorial** and **2 topical**. For those 7 initiatives, not all criteria might have been systematically assessed due to lack of supporting data.

73 3 out of 7 perform as main activity Development and general promotion of non-financial information principles and frameworks, 2 Development and general promotion of non-financial information guidelines, 3 Development and general promotion of non-financial information standards, 2 development of indices and labels. (one initiative can cover more than one category).



74 2 out 7 organisations were created and initiative launched before year 2000, 2 between 2000 and 2010, and 3 after 2010.

Formal due process

75 All the 7 initiatives assessed here have implemented a due process. All the due processes analysed include the preparation of a draft, the involvement of experts, a comment period from public and a phase of approval and subsequent dissemination of the standards. However, the bodies responsible for the preparation and approval of the standards, the categories of stakeholders involved, the frequency of updating, the level of formalisation and transparency are different in the processes analysed. The detailed due processes of the 7 initiatives analysed are presented in Appendix 4.

76 All the 7 initiatives assessed present the main phases of the due process in their institutional website but only 3 have a **formal due process handbook** (i.e. a structured, official, and freely accessible document that presents the entire due process followed by the initiative, with details on each step and description of governance matters and roles and responsibilities of each involved party).

77 In only two case (GRI, SASB) there is a **dedicated standards body**. In one case this body is composed of 15 part-time members with contribution in kind only and the other one is composed of 9[1] part-time members with compensation. Members of the SASB Standards Board are appointed by the SASB Foundation Board of Directors. Members of Global Sustainability Standards Board are appointed by the Independent Appointments Committee (a team of five members).

78 Only one standard setter states the 'public interest' as driving their vision and mission (GRI). Public interest is defined as follows: *In general, as those overarching interests of humanity, held in common, that include but exceed the partial interests of individuals or groups. In the context of sustainability reporting, this means making well-informed decisions – and therefore having easy and timely access to relevant and reliable information on which such decisions might be based; promoting positive (and discouraging negative) impacts on social, ecological, environmental, and economic*

1 They will grow to 11 members on January 1, 2021

systems; promoting transparency, fairness, and integrity of processes that affect the public domain; and ensuring that no person or community is overlooked or marginalized – especially if relatively weak in comparison to others.[2]

Improvement

79 All standard-setting organisations assessed conduct in a regular review of its standards, taking comments from stakeholders into account.

80 1 out 7 present a latest revision / update of the non-financial reporting initiative in 2020, 1 in 2019, 2 in 2018, 1 in 2016, 1 in 2015

Multi-stakeholder engagement and appropriate consultation

81 Each initiative involves and represents different groups of stakeholders:

a) WICI involves stakeholders from: businesses, analysts and investors, regulatory agencies and academia.

b) SASB is aimed at the financial world and selects indicators on the basis of a financial materiality. SASB involves only groups of stakeholders concerned by their own industry-specific standards.

c) GRI and GSSB members represent a range of expertise and multi-stakeholder perspectives on sustainability reporting. (Business, Civil Society Organisation, Investment Institution, Labour and Mediating Institution).

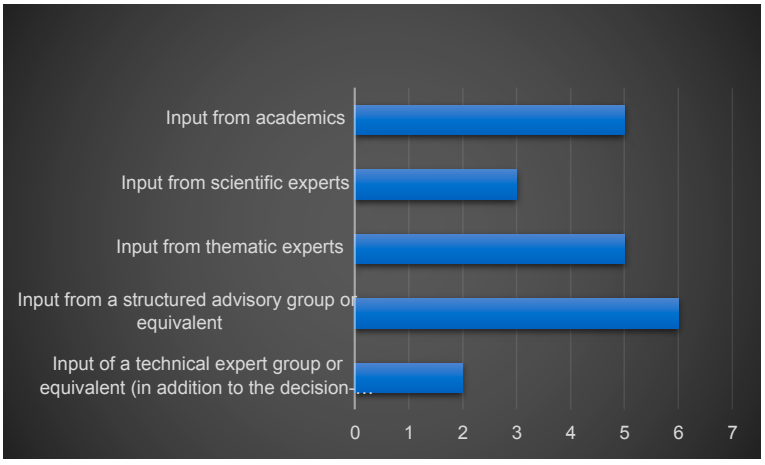
d) AWS is a global membership collaboration comprising businesses, NGOs and the public sector.

e) The GIIN's Membership consists of a network of like-minded investors and other leaders in the impact investment space who connect to share experience and learnings.

f) PEFC, the Programme for the Endorsement of Forest Certification, is a leading global alliance of national forest certification systems, through multi-stakeholder processes and tailored to local priorities and conditions.

g) SFI involves experts representing conservation, environmental, forestry, Indigenous, academic, social, and government organisations.

82 All 7 standard-setters proactively engage with stakeholder groups that are likely to have an interest in the standard or that are likely to be affected by its implementation and provides them with mechanisms for participation that are appropriate and accessible:



2 https://www.globalreporting.org/media/fk1lyhvp/gssb-terms-of-reference-2018.pdf

83 Stakeholders have sufficient time and opportunity to provide input on the standard and can see how their input has been taken into account (in average 60 days).

Transparency and accessibility

84 The standards and information about their development are made freely and publicly available at a minimum via an organisation's website for all 7 initiatives. This includes, at least, draft and final versions of the standard, information on governance and information on consultation.

85 The meetings of the dedicated standards boards (present only in 2 initiatives as per public information found, please see above) are generally open to the public. The initiatives therefore publish the agenda, the documents to be discussed, and a link to the Livestream on the website.

Oversight role

86 2 out of 7 identify a specific body responsible for the oversight of the standard setting body. In 1 case it is not present (WICI) and for the rest of initiatives, there is no got specific information available. The presence of a specific body responsible for the oversight of the standard setting body (i.e., relationship with stakeholders, nominations, quality of the due process, funding) is a safety net to ensure that policies and strategies are being implemented as intended, key risks are identified, monitored, and mitigated, expected results are being achieved, activities comply with policies, regulations, and ethical standards, and continuous improvement is taking place.

DUE PROCESS OF OTHER INITIATIVES

87 Out of the 88 initiatives assessed in total, 7 were considered standard-setters based on the specificities and refinement degree of their due process and operations (see chapter above). As a consequence, 81 were analysed as non-standard-setting 'other initiatives'.

88 Out of these 81 non-standard-setting initiatives, it is to be noted that 19 of them still considered one of their main activities as the development and general promotion of non-financial information standards, highlighting the lack of a current rigorous and shared definition regarding what can be considered a standard in the NFI field – notably versus labels and certifications (e.g. B Impact assessment, Best Aquaculture Practices certification) that also claim that they benefit from several standard-setting features.

89 Similarly, out of the 81 "other initiatives" assessed, most of them reported that they benefited from one or several features that would be found in a standard-setter due process. Out of 81, by decreasing order of appearance:

a) 31 initiatives stated that they benefited from input from academics

b) 29 initiatives stated that they benefited from input from thematic experts

c) 28 initiatives stated that they benefited from public consultation on exposure drafts and/or draft standards.

d) 27 initiatives stated that they benefited from the input of a technical expert group or equivalent

e) 26 initiatives stated that they benefited from input from scientific experts

f) 24 initiatives stated that they benefited from the input of a structured advisory group or equivalent

g) 12 initiatives stated that they benefited from an outreach phase

h) 10 initiatives stated that they benefited from a formal due process handbook

90 Out of this analysis emerges what could be qualified as a simplified due process that most non-standard-setting initiatives tend to follow so as to support their legitimacy:

a) A first phase of NFI requirements drafting (the content of the initiative), based on a very wide spectrum of methodologies and advisory groups. Most initiatives tend to consult with business practitioners, stakeholders and thematic experts, with a level of independency, exhaustiveness and rigor that is difficult to assess

b) A second phase of public comments and feedback, with once again a broad range of methodologies showing various degrees of openness and accessibility. At least, scheme owners tend to propose a feedback to the stakeholders most targeted by the initiative to come

c) A third phase of review and final publication of the requirements of the NFI. The way the various comments received during the second phase are incorporated in the review is scarcely detailed by most organisations

91 In most cases, this simplified due process is not detailed by the initiative in a formal due process handbook

92 Finally, a minority of organisations shared descriptions of their public consultation process and examples of their practices when consulting external stakeholders. One organisation (the CEN organisation responsible for European standards) elaborated that 'anyone who has responded to the public survey is invited to the meeting for discussion on the comments received.' Only 3 initiatives clearly indicated that all new standards receive a public consultation period of 60 days.

CREDIBILITY ASSESSMENT OF THE DUE PROCESSES

Note on the credibility assessment of the NFI initiatives in scope

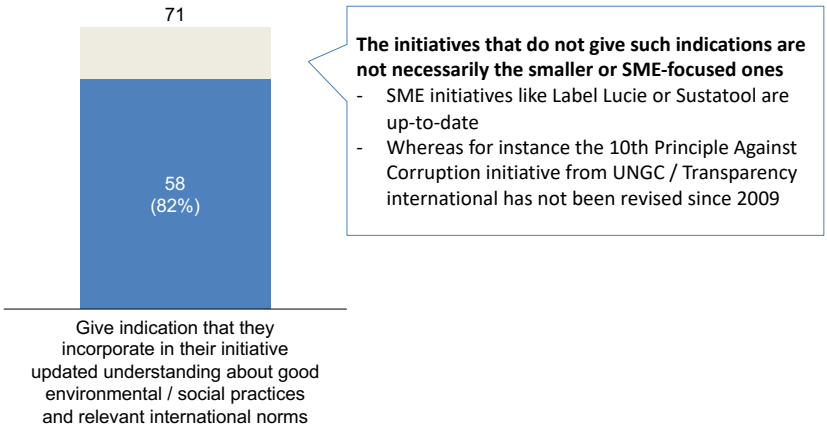
93 The sections below (from Improvement systems to Accessibility) are aiming at assessing the level of credibility of the NFI initiatives along several features – each feature (relevance, rigor, impartiality, etc.) being one of the sections below. For each feature, the expert group has defined a set of criteria against which each initiative is assessed. Those criteria are derived from the ISEAL Credibility Principles methodology.

94 Out of the 88 NFI initiatives within the assessment scope, the credibility assessment was not carried out at all for 17 initiatives, due to insufficient accessible data. The credibility assessments results in the sections below (from Improvement systems to Accessibility) and hence relies on the analysis of 71 NFI initiatives. For those 71 initiatives, not all criteria might have been systematically assessed due to lack of supporting data.

95 Out of the various core elements that are constitutive of an NFI initiative (standard-setting process, governance, funding, etc.) the specific question of the assurance system (the system through which an adopter of the initiative might certify its data to be reliable) is not addressed in this assessment. Though it is an important aspect to ensure credibility, almost no NFI initiative includes an assurance system per se in their standard. Some of them nevertheless require an external certification from their adopters (e.g. FSC and PESC initiatives on forestry or the Global Aquaculture Alliance). Other initiatives, like the Global Reporting Initiative, only suggest their adopters to provide external certification (notably by contracting services from audit firms).

Relevance of initiatives

96 Most NFI initiatives assessed (58 out of 71) are able to prove that they incorporate in their standards systems relevant and updated scientific understanding about good environmental practices and relevant international norms for social and economic performance. This can be notably done through regular expert and / or public consultations, periodic reviews or updates of the standards, etc. 6 initiatives did not meet this criterion, mostly for lack of a recent standard update (in some cases, there might be "one-shot" initiatives with no initial ambition to review them periodically). Data was inconclusive for 7 initiatives. It is to be noted that even if most revisions occurred in 2019 or 2020, for specific topical initiatives the revision date might be older (for instance, the last revision of the Anti-Bribery Checklist from Transparency International occurred in 2013).



97 Initiatives that do not manage to incorporate the latest knowledge on their specific matter are not necessarily initiatives targeting SMEs or less represented groups of stakeholders – Generic and Topical initiatives are also concerned. For instance, the EFFAS' KPI for ESG initiative has not been revised since 2010, as well as the 10th Principle Against Corruption initiative from UNGC / Transparency international since 2009. On the other hand, SME initiatives like Label Lucie or Sustatool are indeed up-to-date.

98 Two criteria of relevance were impossible to assess as data was too scarce or difficult to interpret across initiatives:

a) Requirements in the standard primarily address the most significant sustainability issues. The requirements reflect best scientific or current understanding of good practice

b) Standards are written to enable an objective assessment of compliance, focusing on outcomes rather than approach. Standards are strengthened by a focus on performance-based outcomes.

99 These two unassessed criteria are linked to crucial elements of credibility for an NFI initiative: for the first one, showing that the initiative focuses on the most important issues, and for the second one, showing that the standard focuses on achieving results rather than on undergoing a reporting process. The difficulty of assessing such criteria in the current NFI scope, highlights the importance of strengthening performance-oriented aspects of NFI reporting, relying on solid scientific consensus. At this stage, the assessment might only conclude on a detrimental lack of transparency on those matters.

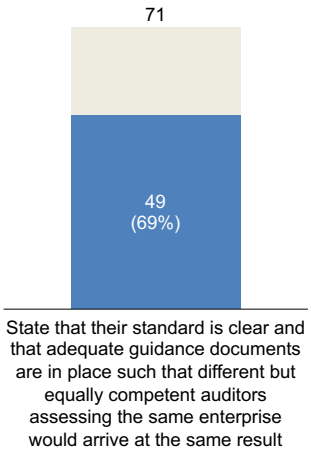
100 Similarly, less than half of the assessed initiatives (28 out of 71) are able to provide insights on the assessment they might have conducted on the most significant social and environmental challenges faced by the sector or industry they focus on. It is to be noted that among those 28, only 4 are Generic initiatives, 10 are Topical (e.g. the WBA Gender benchmark) and 14 are Sectorial (e.g. Food loss & Waste Protocol, Sustainable Freight Procurement Framework), pointing logically to the fact that the more focused a NFI initiative is on a specific topic or industry, the more detailed its assessment of what is at stake in its specific scope. This stakes assessment can be derived from many sources, and notably internal ones when the initiative derives from an organisation already active in the targeted field (e.g. Transparency International for the Anti-Bribery checklist). It is to be noted the reliability of such assessments might potentially be jeopardized when the organisation supporting the initiative is also representing the interests of the private actors in the field (e.g. IPIECA for the Sustainability reporting guidance for the oil and gas industry initiative). Data was insufficient to conclude for 25 initiatives out of 71.

Calculability and rigor

101 Most NFI initiatives (59 out of 71) are able to demonstrate that they comply with a rather basic criterion of rigor, stating that stakeholders involved in setting the standard need to have a shared understanding of the objectives of the system and a degree of expertise or first-hand experience in the subject matter so that they can set the performance level accordingly.

102 Fewer initiatives but still more than half (49 out of 71) state that their standard is clear and that adequate guidance documents are in place such that different but equally competent auditors assessing the same enterprise would arrive at the same result. Nevertheless, this is a self-declaration from organisations themselves, and it appears that reality is a bit more complex. The level of granularity of what an initiative might call a guidance document can be extremely variable, and go from a one-sentence explanation to a several-pages document on calculation methods. As a result, for many initiatives assessed, it seems that the guidance provided would not absolutely guarantee that two different auditors would consistently achieve the same results.

Most initiatives state that adequate guidance documents are in place to make their standard clear enough…



… but the **level of granularity** of such guidance is extremely variable across initiatives.

The independent assessment performed on indicators' calculability showed that **guidance on 3 key aspects is generally partial**:

- Scope & definitions of data to gather
- Details on calculations to be performed (formulae, base year, etc.)
- Possible connections with other standards

103 Guidance documents ensuring replicable results are notably linked to the calculability of the indicators within the standard. Calculability encompasses at least 3 key aspects:

a) Gathering and understanding data (scope, definitions, etc.)

b) Performing calculations (formulae, base year, sources, etc.)

c) Potential connections with other standards

The performed assessment on indicators' calculability across initiatives showed that guidance on those 3 aspects is generally partial and that their level of detail varies significantly. The Global Reporting Initiative is among the initiatives with the most consistent and detailed guidance on the 3 aspects across topics covered. Not exhaustively, the UN Guiding Principles Reporting framework (from Shift & Mazars), the UNCTAD Guidance on the implementation of SDGs or CDP also provide a satisfactory level of guidance on some covered topics, notably greenhouse gas emissions.

104 Regarding the impacts of the NFI initiative, less than half of all assessed initiatives (27 out of 71) can provide at least a few insights regarding their ability to collect clear and quantifiable information about the effectiveness of their standard and its supporting activities. Due to their specific nature, label and accreditation initiatives, such as the PEFC forestry label or the Airport Carbon Accreditation from ACI Europe may find easier to provide arguments on the effectiveness of their work. For broader initiatives such as CDP, collecting such information can be done notably by systematically asking respondents and stakeholders to provide feedback on their use of the standard.

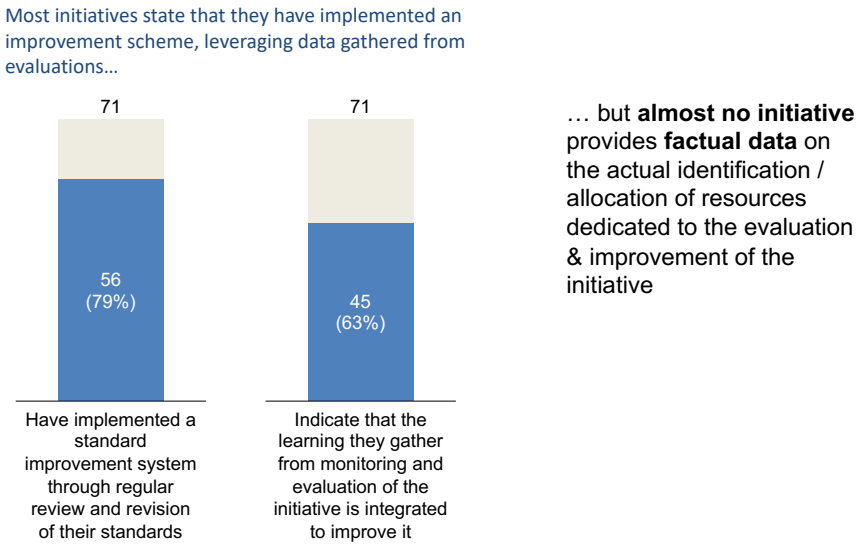
105 Ensuring the rigor of an NFI initiative also means that scheme owners should control the claims made by participants in their systems and have appropriate traceability systems in place to monitor those claims and answer them. Due to a lack of data across initiatives, it was not possible to assess this criterion.

Improvement systems of initiatives

106 Most NFI initiatives assessed (56 out of 71) have implemented a standard improvement system through regular review and revision of their standards, so as to integrate learning about sustainability, good practices and results of monitoring and evaluation activities. Initiatives which do not have such an improvement system (9 out of 71) are generally too recent, or have decided since their creation not to review their proposition ("one-shot" initiative). Data was insufficient for 6 initiatives.

107 Fewer initiatives, but still approximately 60% (45 out of 71), are able to demonstrate that the learning they gather from monitoring and evaluation programmes and impact evaluations is integrated to improve the structure of the system and the content of the standards, so as to achieve the desired sustainability objectives. Some of them are carrying out this process along with expert consultation (e.g. the World Benchmarking Alliance), other through both public and expert consultation (e.g. the Global Reporting Initiative).

108 Many initiatives (51 out of 71) state that their management and governing bodies are committed to driving improvements in their system by integrating the results of monitoring and impact evaluations. Nevertheless, almost no initiative is providing factual data on the actual identification of resources dedicated to monitoring and evaluating the results of their standard so as to improve it over time. As an example, an initiative like the Future Fit Benchmark, through its "Changemaker" community and its officially appointed Development Council, seems in a good position to tackle the improvement matter.

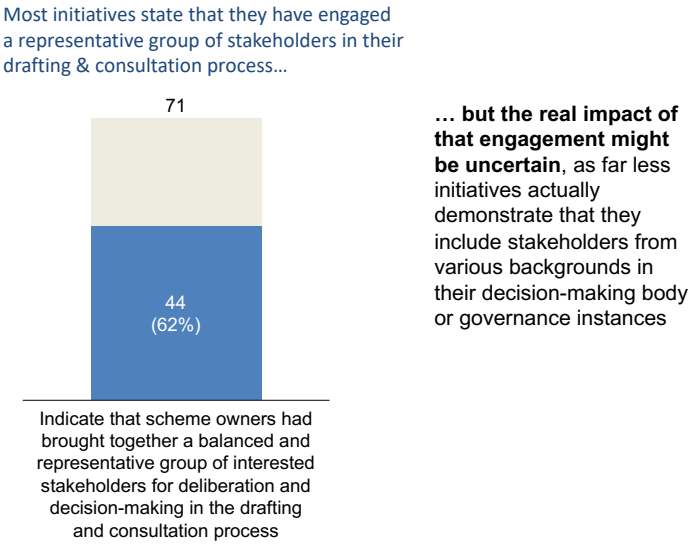


109 Less than half of all the initiatives (30 out of 71) give sufficient proof to demonstrate that claims, the traceability system and any market-facing activities are reviewed and improved to strengthen their contribution to the system's sustainability objectives.

Engagement

110 Fostering the engagement in the initiative goes through onboarding and communicating with the right stakeholders. Approximately 60% of the assessed initiatives (44 out of 71) show that targeted stakeholders are identified through an initial stakeholder mapping exercise in the standard-setting stage, and then given opportunities to participate in the governance processes as appropriate. Representatives of stakeholder groups are able to represent the views held by, and are accountable to, their constituency. As the system develops, the stakeholder map is regularly updated.

111 Prior to those ongoing efforts on stakeholders' engagement, onboarding the right stakeholders during the standard-setting initial phase also demonstrates the level of engagement and adhesion sought by the initiative. The same proportion of initiatives (44 out of 71) state that scheme owners had brought together a balanced and representative group of interested stakeholders for deliberation and decision-making in the drafting and consultation process, paying attention to those stakeholders who will be directly affected by the standard's implementation. Nevertheless, the real impact of this engagement is hard to prove, as far fewer initiatives actually demonstrate that they include stakeholders from various backgrounds in their decision-making body or governance instances (24 out of 88 – see Governance assessment).



112 Similarly, only 25 initiatives out of 71 gave sufficient data showing that their standards systems provided meaningful and accessible opportunities to participate in governance, monitoring and evaluation programs of the standard. For almost half of all initiatives (33 out of 71), the assessment concluded that those opportunities were not given by the scheme owners.

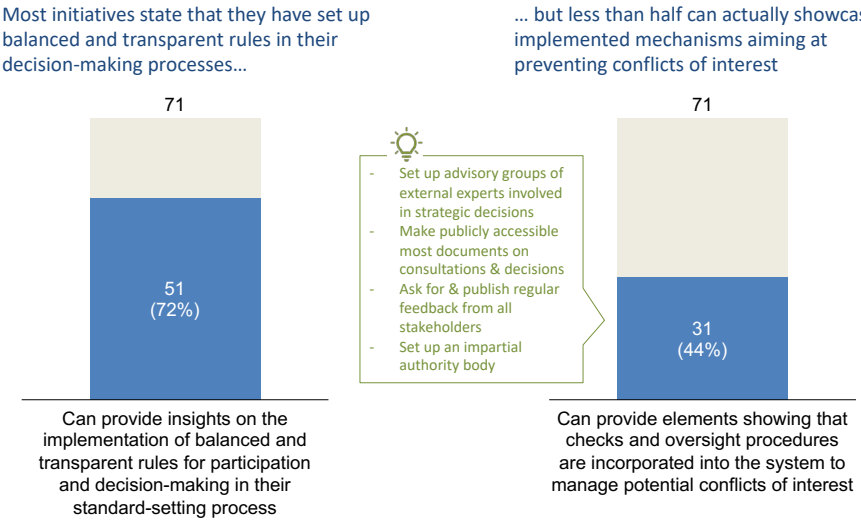
113 Finally, few initiatives (13 out of 71) were able to prove that their owners empower stakeholders with fair mechanisms to resolve complaints. Those mechanisms were not in place for 16 initiatives, and data was insufficient to conclude for 42 initiatives.

Impartiality

114 Two key dimensions can be defined to assess the intensity of impartiality efforts made by an NFI initiative:

a) The way the initiative will implement balanced and transparent rules for participation, decision-making and representation of different stakeholders

b) The way the initiative will prevent and manage potential conflicts of interest



115 The majority of assessed initiatives (51 out of 71) can demonstrate that they have implemented balanced and transparent rules for participation and decision-making in their standard-setting process.

116 Similarly, fewer initiatives but still more than half (44 out of 71) are able to demonstrate that their scheme owner has defined the balance of representation (e.g. on boards and in committees) of respective constituencies and their relative strengths.

117 Regarding the prevention and management of conflicts of interest, the criteria are met by a maximum of half the assessed initiatives only. 33 initiatives out of 71 are able to prove that financial models and governance decisions are structured to mitigate potential conflicts of interest, and 31 initiatives out of 71 showcase that checks and oversight procedures are incorporated into the system to manage conflicts of interest.

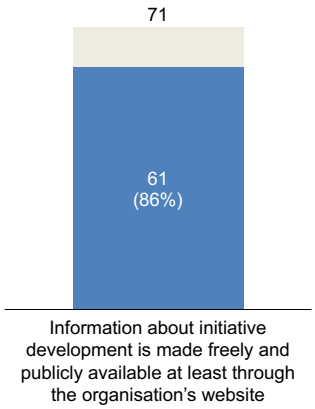
118 On a more specific topic, only 16 initiatives out of 71 provided data showing that proper mechanisms were in place to manage conflict of interest specifically in the control of claims made by stakeholders.

Transparency

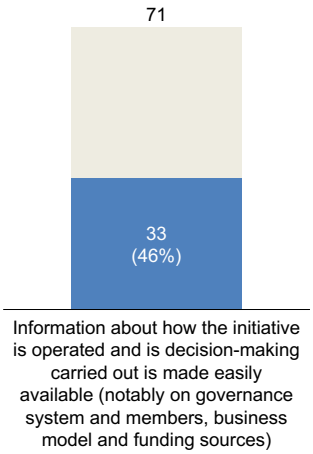
119 There is a globally well-shared level of transparency across NFI initiatives regarding the process through which the standard had been developed. For 61 assessed initiatives out of 71, information about standards development is made freely and publicly available at least through the organisation's website. This includes, at least, information on governance (how decisions are made and by whom, and how to participate in decision-making and standards development) and on consultation (stakeholder input and how it was addressed in standards development). For the 10 remaining initiatives, data was not sufficient (7 initiatives) or not available at all (3 initiatives).

120 Transparency regarding the governance of the initiatives, their business model or their funding is remarkably less developed. Only 33 initiatives out of the 71 assessed made information easily available on how their standards' system operated and made decisions – notably including information about the scheme owner's governance system and members, its business model and its funding sources. Stakeholders' access to documented decision-making is relatively scarce.

Almost all organisations provide free & public information regarding the development process of their initiative…



… but less than half provide meaningful and detailed information on how the initiative is actually operated



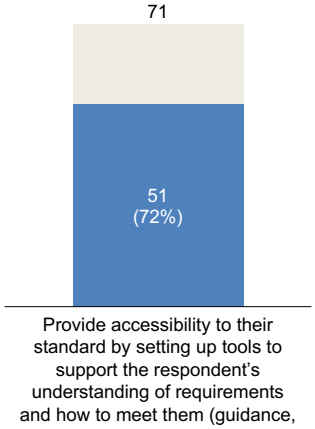
121 Finally, another transparency criterion regarding the content of the standard would be to verify whether all drafts and final standards are freely available to all interested parties, either on the organisation's website or in response to direct requests. It was not possible to assess this criterion during the assessment. Nevertheless, preliminary analysis shows that if the final versions of standards are generally accessible on initiatives' or organisations' websites, the drafts standards (that would show the successive iterations of the standard) are more difficult to access.

Accessibility

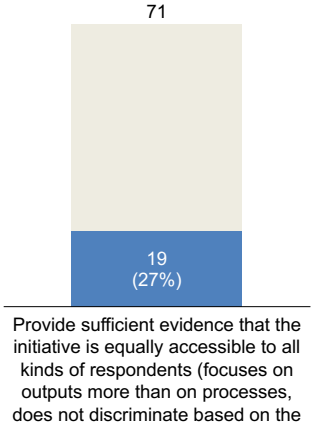
122 Most NFI initiatives (51 out of 71) provide accessibility to their standard by putting in place a system and / or tools to support the respondent's understanding of requirements and how to meet them. Those tools and materials are usually, but not exclusively, provided through the organisation's website. This notably includes translation of the appropriate standard here.

123 Too few initiatives (19 out of the 71 assessed) give sufficient evidence that the content of their standard is equally accessible to all kinds of respondents. This is notably achieved by making sure that the standard is focused on outputs more than on processes, and that it does not discriminate based on the size of the enterprise. All remaining initiatives assessed (52 out of 71) do not give proof that they do so.

Almost all organisations provide some kind of accessibility to their initiative, notably through guidance documents…



… but too few can actually demonstrate that they are equally accessible to all kinds of respondents, notably size-wise

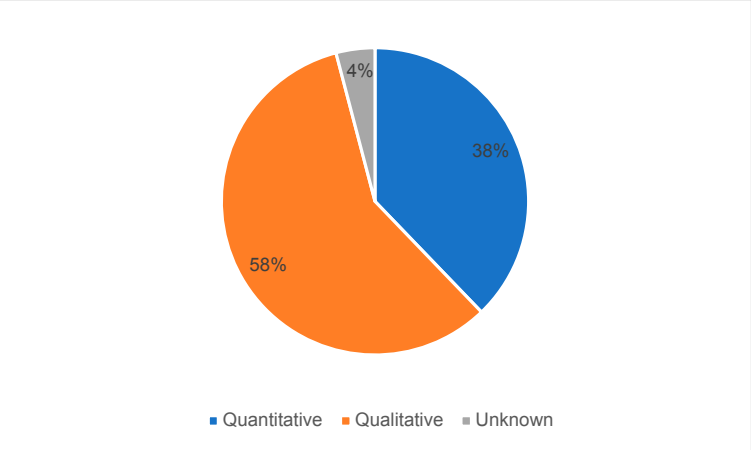


124 Finally, accessibility is improved when the NFI initiative can prove that its standards system does not discriminate against interested parties on the basis of cost, restrictions on access or overly burdensome requirements. Due to a lack of accessible data, it was not possible to assess whether the initiative created undue additional burdens or added significant costs to entities being assessed.

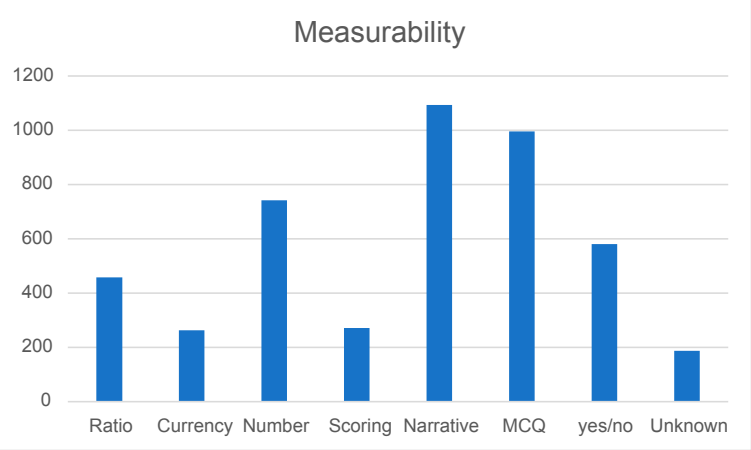
KEY PERFORMANCE INDICATORS ANALYSIS

Measurability

125 58% of indicators have qualitative answers, 38% quantitative answers, making comparability difficulty. However, out of the narrative answers, multiple choice questions and yes/no questions can be quantified easily.

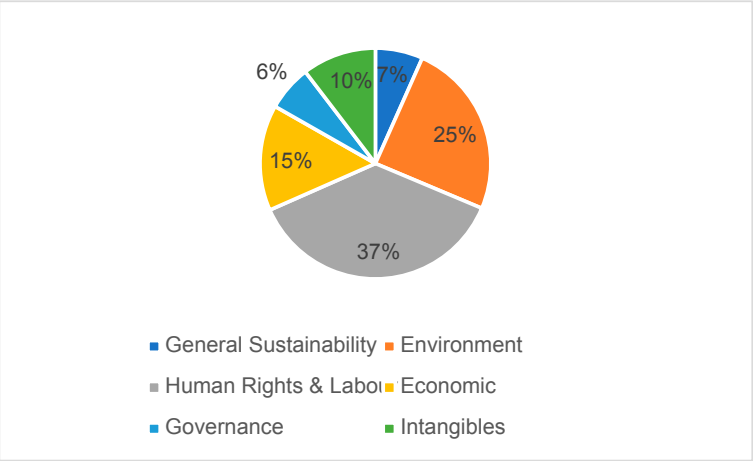


126 Looking at detailed measurability, 72% are quantifiable, making comparison possible.



Topic coverage, sustainability frameworks & SDGs

127 The KPI database analysed (aggregating all the indicators encompassed by the Generic & Topical initiatives assessed, see point 7) contains 4,597 data points across 42 initiatives. The topic coverage is as follow.



128 A certain number of topics are extremely mature and well-covered (across initiatives), at least in terms of number of indicators focusing of them. As a caveat, the quantity of indicators does not presume their quality neither their degree of redundancy, but represents a proxy for the overall degree of maturity of the topic in the NFI field.

NON-FINANCIAL TOPIC	# DATA POINTS	LINK WITH SUSTAINABILITY FRAMEWORKS
Gender Equality	630	SDG 5
Inclusive Growth	404	SDG 8
Climate Change	374	SDG 13
Water	354	SDG 6
Health & Safety	252	SDG 3
Human Rights	217	All SDGs
Human Capital	210	(See IIRC 6 capitals)
Intellectual Capital	150	(See IIRC 6 capitals)
Waste/Circularity	147	SDG 12
Social & Relationship Capital	114	(See IIRC 6 capitals)
Forest	110	SDG 15
Compensation & Benefits	107	SDG 1 & 8 (Human Cap)
Anti-Corruption	98	SDG 16
Living Wage	93	SDG 1

129 A certain number of topics are not well covered (across initiatives) – same caveat as above:

NON-FINANCIAL TOPIC	# DATA POINTS	LINK WITH SUSTAINABILITY FRAMEWORKS
Stratospheric Ozone Depletion	5	Planetary Boundary
Chemical pollution	30	Planetary Boundary
Biodiversity	60	Planetary Boundary (overshoot)
Land	47	Planetary Boundary
Atmospheric aerosol loading	8	Planetary Boundary
Resource Use/Extractives	46	N/A
Forced Labour	19	UNGC Principles (ILO)
Child Labour	26	UNGC Principles (ILO)
Labour Rights	68	UNGC Principles (ILO)
Collective Bargaining	45	UNGC Principles (ILO)
Freedom of Association	21	UNGC Principles (ILO)
Employment terms	58	UNGC Principles (ILO)
Tax	26	SDG 16
Ethics	56	SDG 16
Privacy & Security	19	N/A

130 The coverage of the SDGs varies. The SDGs are a sustainability framework issued and voted on at the United Nations in 2015 (and they are supposed to cover a 15-year period 2015-2030). Translating the SDGs to business indicators is not easy. The SDGs are composed of 17 goals, 169 targets and over 200 indicators. Those indicators have been designed for countries. The translation to business is not always straightforward. The GRI first issued the SDG Compass which mapped their indicators to the SDGs. The SDG Compass has several issues: it demonstrates that the GRI alone does not cover the SDGs, and the connections between SDGs and indicators was not always perfect. A second initiative with the UNGC in 2017 called "the analysis of goals & targets" used a vast number of sources to map indicators to the SDGs. Lastly, the SDG Action Manager (which is not considered a reporting tool itself) created a new list of indicators (questions) in relation to each SDGs. This initiative, the most recent, and also that most departed from existing indicators, could be considered the closer to a potential SDG business reporting indicators list. Other initiatives such as the Business Call for Action (UNDP) and ISAR have initiated list of core indicators in relation to the SDGs.

131 No initiative covers all SDGs well, or all planetary boundaries and social foundations, nor the 6 capitals of the IIRC framework (that includes human, social and intellectual capitals). The first issue is that most initiatives cover sustainability issues, but do not cover intangibles. Therefore, not all 'non-financials' are covered in a single initiative. It is often not clear (see analysis of the due process) how new topics are being considered for inclusion in already existing initiatives. For example, 'land system change' and 'biodiversity' are not well covered currently. The SDG 1 'poverty' is only covered through the Oxfam Poverty Footprint. Even the 'Business Reporting on the SDGs' from the UNGC, an initiative that aims at covering all the SDGs, explicitly admits that there are still some gaps to be covered.

132 There is a lack of reference to sustainability frameworks for coverage of topics by initiatives, to the exception of an ex-post mapping to the SDGs (e.g. GRI, SASB very recently) or the Future Fit Benchmark which is using the Natural Step sustainability Framework and linking its work with the 'doughnut' (planetary boundaries and social foundations) and SDGs.

133 Our overall assessment on the lack of transparency in choosing topics links to the credibility assessment in the due process focal point. Similarly, less than half of the assessed initiatives (28 out of 71) are able to provide insights on the assessment they might have conducted on the most significant social and environmental challenges faced by the sector or industry they focus on. It is to be noted that among those 28, only 4 are Generic initiatives, 10 are Topical (e.g. the WBA

Gender benchmark) and 14 are Sectorial (e.g. Food loss & Waste Protocol, Sustainable Freight Procurement Framework), pointing logically to the fact that the more focused a NFI initiative is on a specific topic or industry, the more detailed its assessment of the stakes of its specific scope will be.

Framing of indicators

134 Most initiatives classify their indicators by topic. Within topics, there are rarely frameworks proposed to classify indicators. One example of framing is the ACT Initiative framework (Assessing low Carbon Transition initiative from CDP and ADEME – see Appendix 5). Inspired from it and transformation theory, the indicator database has been framed across leverage points. This enables to analyse indicators of 'enabling conditions', 'influential indicators', 'core indicators (products & business models)', versus performance, learning & planning.

ENABLING CONDITIONS	INFLUENTIAL LEVERAGE POINTS	CENTRAL LEVERAGE POINTS (YOUR MISSION)	THE HARVEST	FUTURE OUTLOOK
Culture Governance Capacity Evaluation Innovation Investment in infrastructure Management systems	Financing Customer influence Relational Structural influence Supplier influence	Top-Line Business Models	Performance (Some social and/or environmental) Qualities maintained, restored or improved (Olsen, 2003) Learning & Grievance Mechanisms	Planning Targets

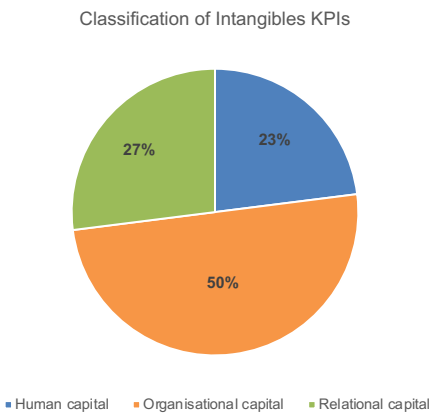
Focus on Intangibles

135 We have analysed 1,186 data points relating to intangibles (see definition in Glossary) across all 95 initiatives in the Assessment scope. For this, a specific Intangibles KPI database has been used, different from the KPI database of Generic & Topical initiatives mentioned above (see point 120) and in other parts of this document.

136 The initiatives studied have a paradigm shift of perception of value, mutation of economic models, and shifting contexts based on positive externalities from intangible capital.

137 The majority of initiatives work on the valuation of intangible assets to help managers make strategic decisions based on intangible indicators.

138 There are similarities in these indicators that can be classified into 3 categories: human capital (23%), organisational capital (49%), relational capital (27%).



139 In some industries, the human capital is particularly significant. The generic indicators can apply but we need to add some specific indicators such as the player capital in football sector for example.

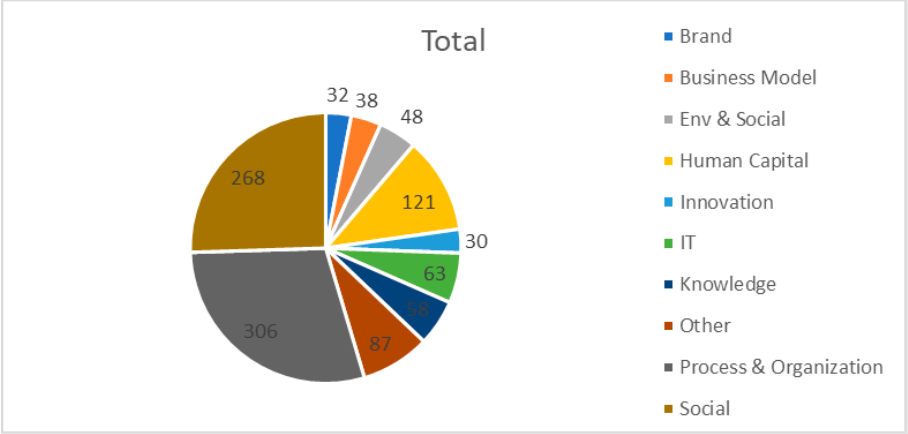
140 At this stage, the clarification for these three main categories has been drafted as below:

a) Human Capital: is the company's ability to create and sustain value through the attractiveness of the skills and talents targeted for its strategy and its ability to retain them, the quality of its management, capacity to develop through knowledge and motivation (vision, expertise, leadership, personality of the leader, motivation, values, relational style, etc.)

b) Intellectual and organisational Capital: is the company's ability to create and to sustain value in the future through patents, structures, governance, its organisation, training systems, R&D capital and innovations, creativity, etc.

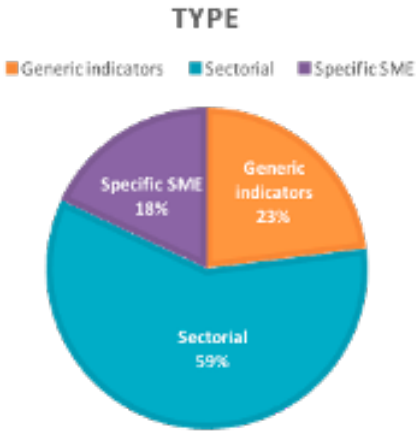
c) Social and relational Capital: is the company's ability to create value and at the same time sustainability; this includes customer capital, the relationship with stakeholders as well as with the ecosystem. It is the capability to work with distribution networks, prescribers, with the support of brands, notoriety and reputation, etc...

141 To go deeper, the categories gathering most indicators are Process & organisation, Social and Human capital. On contrary, the less represented categories are brand, business model, environment, innovation, IT, knowledge.



142 Intangibles and ESG information may overlap to some extent, but they are not identical and this must be acknowledged.

143 It can be observed that out of all intangibles indicators, 23% are generic indicators, 59% are related to sectorial and 18% are indicators applicable only to SME



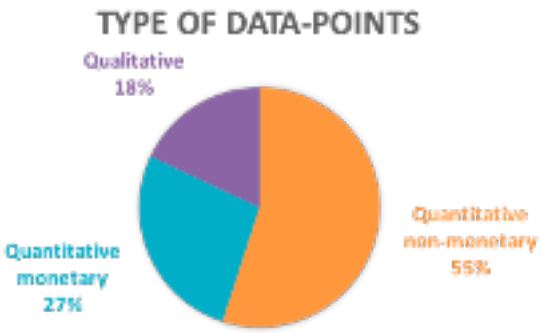
144 The initiatives cover all sectors in all countries and geographical areas, and type of organisation.

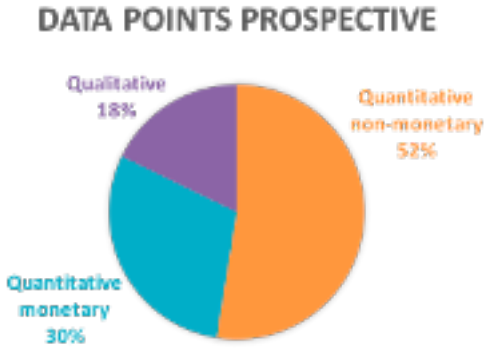
145 There are common indicators regarding some others initiatives.

GRI	57%
SASB	43%

146 The indicators of all initiatives integrate the notion of double materiality.

147 More than half of these indicators are quantitative non-monetary (55%) from these indicators 62% are prospective, just over a quarter (27%) are quantitative monetary and from these indicators 35% are prospective, and the rest are qualitative (18%) and from these indicators, 21% are prospective.



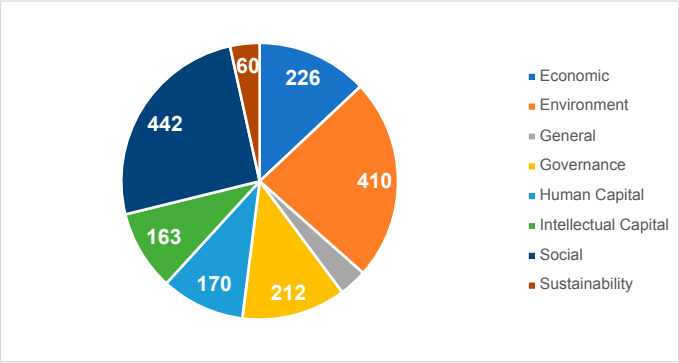


148 The initiatives focusing on intangibles were launched between 2002 and 2016: most of them have a revision or update in the last four years of indicators. All these initiatives are working on further development.

SME indicators

149 There are 1,740 data points in our SME indicators database across the 24 initiatives. The mean indicator number per initiative is 87. Contrary to the impression that SME initiatives have to contain a smaller number of indicators than larger organisations, the analysis demonstrate that this is not the case. 4 initiatives contain more than 100 indicators (up to 386 indicators).

150 There are 7 topics covered in the SME indicators database. The main topics are social (442) and the environment (410) and economic (226).



151 Three sub-topics stood out in terms of importance (number of data points): process & organisation, local/territory and customers.

Process & Organisation	117
Local/Territory	91
Customers	62

Forward-Looking Information

152 Sustainable Development is a "development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (UNWCED, 1987, p8). At the heart of the definition is the need to consider a long-term orientation of reporting for sustainability. Examples of long-term orientations in practice include long-term targets (10 years and more), science-based targets (linkage with future generations) and scenario planning (recommended by the Task Force on Climate-related Financial Disclosures).

153 Certain initiatives such as the IIRC, TCFD and ACT have referred to this in their frameworks: LONG-TERM ORIENTATION – Enable the evaluation of the long-term performance of a company while simultaneously providing insights into short- and medium-term outcomes in alignment with the long-term. (ACT Framework, 2017), 'However, for many organisations, the most significant effects of climate change are likely to emerge over the medium to longer term and their timing and magnitude are uncertain' (TCFD, 2017), The IIRC Content Element Outlook: 'What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?' (IIRC, 2013)

154 Out of the 88 NFI initiatives within the assessment scope, the assessment on forward-looking information was not carried out for 28 of the initiatives, as they either:

a) indicated themselves that the initiative does not encourage or require any forward-looking information.

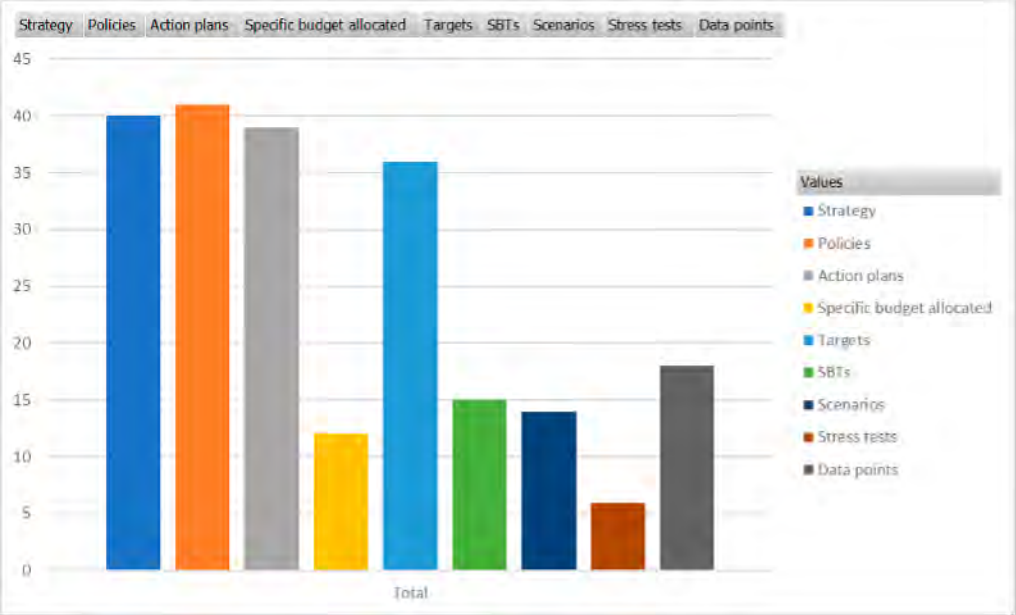
b) after analysing the documents from the initiative, no forward-looking information encouragements or requirements were found

Therefore 60 initiatives have been assessed on forward-looking information. These initiatives can be sub divided into 10 generic, 18 sectorial, 11 SME and 21 topical.

155 The assessment was mainly based on the following questions in the questionnaire: "Does the initiative encourage or require the following forward-looking information?" (Strategy; Policies; Action plans; Specific budgets with allocation of dedicated resources (capex/opex); Targets; Reference to Science-Based Targets Scenarios; Stress Tests; Other).

The assessment is therefore based primarily on perspective from initiatives themselves, but if in the assessment more information was found, this has been taken into account as well.

156 Of the 60 NFI initiatives that encourage or require forward-looking information, the following aspects are included in the initiatives:



157 From the database analysis, it can be said that only a small number of indicators are dedicated to forward looking information:

Investments in Infrastructure	120 indicators
Innovation and R&D	102 indicators
Strategy	51 indicators
Planning	22 indicators
Targets	75 indicators
Grievance & learning	95 indicators

SALIENT ASSESSMENT POINTS

Identification and description of the most significant and salient observations and assessment points and articulation of their relevance / importance in the perspective of possible non-financial standard setting.

ANALYSIS OF THE NON-FINANCIAL REPORTING ARENA

158 There is a clear tendency for recent initiatives to thrive to identify core indicators, with a low number of indicators (mean 51). However, this is at odds with the tendency for coverage of the SDGs, and the necessity to cover the most important and salient grand challenges faced by humanity (the nine planetary boundaries and the twelve social foundations). It is also at odds with the necessity to cover a growing number of EU regulations in the area of non-financial topics.

159 Most initiatives have thrived to connect to the SDGs via different means. It seems that the SDGs have become the reference for current and future non-financial initiatives.

160 The current growth of initiatives, as well as the non-convergence of initiatives over time, demonstrate that there is yet to be a global non-financial reporting standard (even if some initiatives now tend to acquire a form of peer-referenced recognition, see point 169 below).

161 Most generic initiatives combine a generic and sectorial version. However, their approaches enormously, and no consensus exists.

162 There is no consensus on a sector list to be used. However, there is a consensus on the fact that all sectors should be covered by sector guidance/ complements/ supplements/ standards.

163 There are three ways of dealing with sector indicators: sector specific indicators related to topics covered in generic indicators, for specificities, supplementary indicators if needed, or only, stand-alone, sector specific indicators.

164 There are several elements to take into account while thinking of SME initiatives. The size of the SME (small versus larger (e.g. 50 to 250 employees). The number of data points seem to be lower than for larger organisations, but the difference will depend on the number of core indicators that a generic initiative might have. The adaptation of topics and language seems to be a key point. Finally, the value chain and interlinkages between organisations will need to be taken into account for an SME reporting to be meaningful.

INITIATIVES PURPOSE & PERSPECTIVES

165 Initiatives are referencing sustainability and inclusiveness the most in their mission statements. This is confirmed also by the fact that most initiatives refer to more than 2 types of stakeholders and reference double materiality.

166 A transformative mission is another element that comes to the forefront.

FUNDING AND GOVERNANCE

167 Our assessment demonstrates the existence of a vast variety of governance processes from a unique declared decision-maker to multiple-board organisations.

168 As a result, despite what is often publicly stated, few initiatives effectively include their relevant stakeholders within the decision-making process

169 More importantly, initiatives mostly do not detail the selection process of Board/Committee members.

170 Our assessment emphasises that initiatives rely mainly on 4 types of financial resources: provisions of services, membership fees, public funding and contributions/donations.

ADOPTION

171 The difficulty to assess full adoption, partial adoption and supports of each initiative demonstrate the difficulty to assess output legitimacy of initiatives through adoption numbers.

172 The initiatives started before 2010 seem to have gained the legitimacy of preparers' adoption, while more recent initiatives are defending their legitimacy through investors' support.

173 It is impossible to gauge output legitimacy through the data gathered which lacks credibility as adoption is almost always voluntary and partial.

CONVERGENCE AND HARMONISATION

174 The harmonisation movement within the non-financial arena since 2014 has not led to actual mergers and convergence outside of intentions and cross-mappings. Only in 2020 a real movement to mergers has been seen through the first announcement of SASB/IIRC merger into the Value Reporting Foundation.

175 However, two major external frameworks have gathered strong support for serving as backbones of future global standards: the SDGs and the TCFD.

176 Moreover, our analysis of cross-reference in practice demonstrates that two existing standard-setters have acquired legitimacy from their peer-referencing, that is the Global Reporting Initiative and CDP (climate, water). The GRI is clearly the initiative most referenced by indicators from other initiatives (502 references), followed by CDP (117 references).

177 The UN Guiding Principle on Human Rights is also a referenced topical framework.

178 Above all, and despite a high number of initiatives and growing, the convergence in data points is real, as demonstrated on two examples of gender equality data points (e.g. 7 questions for one similar requirement on women/men salary gap).

DUE PROCESSES OF STANDARD SETTERS

179 As of today, there is no common due process for non-financial reporting standards. However, best practices include independent bodies for standard-setting as well as bodies dedicated to oversight of the functioning of the due process.

180 The due process is not always formalised in a dedicated handbook. The main information relating to the due process is publicly disclosed in the initiative websites but not always with the same level of depth and transparency.

181 As of today, only one standard-setter makes specific reference to public interest as opposed to special interests of particular members/stakeholders.

CREDIBILITY OF THE NFI INITIATIVES

182 Relevance – Few initiatives assessed (39%) are actually able to prove that they have conducted a thorough assessment on the most significant social and environmental challenges faced by the sector or industry they focus on, whereas the majority (82%) claim that they incorporate the latest scientific knowledge and international norms so as to stay relevant. Among the initiatives that do prove that they have conducted such an assessment, Sectorial initiatives are dominant (50%). As a result of this lack of assessment, the crucial aspect of knowing whether the requirements set by the initiative primarily address the most significant sustainability issues of the topic concerned is widely under-documented across existing initiatives.

183 Relevance – Though it appears important to ensure relevance that a NFI standard concentrates on performance-based outcomes rather than on compliance with a process, the fact that the requirements of the initiative are written in a way that focuses on outcomes rather than approach is equally under-documented across initiatives in scope and was impossible to assess.

184 Rigor & calculability – Though most initiatives (69%) state that adequate guidance documents are in place to make their standard clear enough and ensure consistent results, it appears that this proportion is based on a self-assessment from the organisations themselves and does not reflect the extreme level of granularity of such guidance across initiatives. The independent assessment performed on indicators' calculability showed that guidance on 3 key aspects is generally partial: a) Scope & definitions of data to gather, b) Details on calculations to be performed (formulae, base year, etc.), and c) Possible connections with other standards, so as to ensure a consistency in the KPI's calculations, which does not exist at this point. As a result, few initiatives (38%) are actually able to demonstrate that they possess tangible information regarding the effectiveness of their standard.

185 Improvement systems – Most initiatives state that they have implemented an improvement system by regularly publishing revisions of their initiative (79%) and by leveraging learning they gather from monitoring and evaluation of the initiative (63%). Despite those claims, it has been assessed that but almost no initiative provides factual data on the actual identification / allocation of resources dedicated to the evaluation & improvement of the initiative, making it hard to ascertain that the revisions of the initiative are indeed conducted with the right amount of dedication and resources.

186 Engagement – Most initiatives state that they have engaged a balanced and representative group of interested stakeholders for deliberation and decision-making in the drafting and consultation process, but the real impact of this engagement is hard to prove, as far fewer initiatives actually demonstrate that they include stakeholders from various backgrounds in their decision-making body or governance instances (24 out of 88 – see Governance assessment).

187 Impartiality – Most initiatives (72%) state that they have set up balanced and transparent rules for participation and decision-making in their standard-setting process, but many fewer (44%) can actually provide elements showing that specific checks and oversight procedures are incorporated into their system to manage potential conflicts of interest

188 Transparency – Almost all organisations (86%) provide free & public information regarding the development process of their initiative, at least through the organisation's website, but less than half (44%) actually provide information on how the initiative is operated and decision-making carried out (notably on governance system and members, business model and funding sources). On the development process, the information provided does not necessarily encompass all drafts and final standards, which ideally should be freely available to all interested parties, either on the organisation's website or in response to direct requests.

189 Accessibility – A vast majority (72%) of initiatives provide some kind of accessibility to their standard by setting up tools to support the respondent's understanding of requirements and how to meet them (guidance, online system, translation of the standard here appropriate, etc.), but too few (27%) actually provide sufficient evidence that the initiative is equally accessible to all kinds of respondents, notably size-wise (focuses on outputs more than on processes, does not discriminate based on the size of the enterprise, etc.). In particular, it was not possible to assess whether the initiative created undue additional burdens or add significant costs to the entities being assessed

TOPIC COVERAGE, SUSTAINABILITY FRAMEWORKS & SDGS

190 A certain number of topics are mature are well covered in the initiatives (e.g. 630 indicators on Gender Equality in our database), but on the other side, a number of topics are less mature (e.g. biodiversity, land, chemical pollution)

191 No initiative covers well all SDGs, or all planetary boundaries and social foundations nor the 6 capitals of the IIRC framework (that includes intangibles).

192 There is a lack of reference to sustainability standards (whether political or scientific), and a lack of transparency about choosing topics in due process ("agenda setting").

FRAMING OF INDICATORS

193 There is often an absence of categories of indicators beyond “topics”. However, one could take as inspiration for example, the ACT Framework architecture.

194 A tentative architecture of indicators has been used in the indicators database and is offered in this assessment.

INTANGIBLES INDICATORS

195 We have gathered 10 initiatives with a total of 1,186 indicators.

196 Intangibles can be structured in three different capitals: human, organisational/intellectual, relational.

197 Intangibles indicators go beyond ESG, despite having commonalities.

SME INDICATORS

198 We have gathered 1,740 data points over 24 initiatives. The mean indicator per initiative is 87. They cover social, environmental and economic indicators.

FORWARD-LOOKING INFORMATION

199 Forward-looking information is very important from a sustainable development point of view and has been already tackled by several existing initiatives in their principles.

200 60 initiatives out of 88 do assess forward-looking information.

201 From the indicator database, forward-looking indicators relate on investments, innovation, strategy, planning, targets and grievance & learning.

APPENDIX 1: ASSESSMENT PHASE METHODOLOGY

INTRODUCTION AND WORK ORGANISATION

1 The stream A2 of the PTF was responsible for:

(i) mapping and assessing all existing non-financial reporting initiatives at an international scale that could be relevant for potential EU non-financial reporting standards, and

(ii) identifying and analysing the most relevant and usable elements that composed those initiatives, notably their reporting indicators, in cooperation with the related organisations

2 Consequently, the work of stream A2 was split in 2 successive and partially overlapping steps:

1: define boundaries for the selection of existing non-financial reporting (NFR) initiatives, map all relevant NFR initiatives found and assess them against a set of defined criteria

2: map all the reporting indicators from the relevant initiatives selected in Step 1, qualify those indicators against a set of defined criteria

3 For both steps of the assessment, it was decided to divide the work between stream members along 3 different types of NFR initiatives:

Generic and Topical initiatives: NFR initiatives addressing the economy as a whole, compatible with all types of organisations from all economic sectors. Contrary to broader Generic initiatives, Topical initiatives focus on a specific topic (e.g. human rights) while remaining relevant for all economic actors

Sectorial initiatives: NFR initiatives specifically focusing on one or several economic sectors and relevant for actors from these sectors only (e.g. Oil & Gas)

SME-specific initiatives: NFR initiatives specifically targeting the non-financial reporting needs, constraints and expectations of small and medium-sized enterprises (< 250 staff headcount or < €50m turnover)

STEP 1: MAPPING AND ASSESSMENT OF EXISTING NFR INITIATIVES

Defining selection boundaries and assessment criteria

4 In order to limit the list of initiatives assessed to a relevant yet comprehensive scope, the expert group decided to set 3 boundaries for the selection of NFR initiatives:

Transparency: the content of the initiative, notably its indicators and how they are built and measured, shall be transparent & publicly accessible

Reach: the initiative shall be able to embrace a wide geographical scope, and notably not be specific to one single country

Actionability: the initiative shall contain indicators (quantitative and / or qualitative), and not be limited to guidelines, recommendations or equivalent

5 Regarding the list of criteria against which each selected initiative shall be analysed, a preliminary list of criteria was proposed by the Stream Lead, notably deriving from suggestions from the PTF Chair.

6 This set of criteria was then discussed, challenged and supplemented by the expert group, before being submitted to the PTF Chair to be complemented and finalised. From the final set of criteria was created a thorough questionnaire to assess each initiative (see below).

7 The final set of criteria is detailed into 70 specific questions and encompasses the following themes:

- Governance and resources of the NFR initiative and of its supporting organisation
- Conceptual framework and underlying concepts of the initiative (e.g. type of materiality endorsed, coverage of economic sectors, coverage of business operations, etc.)
- Requirements and standards of the non-financial information requested by the initiative (e.g. number and type of data points, non-financial topics covered, potential adaptations of the initiative to specific sectors, etc.)

Selecting initiatives

8 For each of the 3 types of initiatives described above (generic + topical, sectorial and SME-specific), the sub-groups of experts gathered the most comprehensive list of existing NFR initiatives then filtered it against the 3 defined boundaries, in order to reach a final selection.

Generic (and topical) initiatives

9 A preliminary list of generic initiatives was built by leveraging existing work from Audencia / UN Global Compact research materials. This list was the result of a 10-month research and already encompassed most of the NFR initiatives inside the chosen boundaries.

10 The preliminary list was then circulated to the expert group, as well as to the PTF Chair and the EFRAG Secretariat, who proposed additions based on their own knowledge and other work programs carried out or supported by EFRAG. New initiatives complying to the boundaries were added. Finally, the draft list of generic initiatives was shared with the entire PTF expert group, whose members made some final propositions that were integrated if complying with the boundaries.

11 In addition, a sub-list of NFR initiatives focused on intangibles accounting was added to the generic list of initiatives, via the help of intangibles expert Ophélia Didriche.

Sectorial initiatives

11 The stream members in charge of sectorial initiatives used various sources to build a preliminary list of initiatives:

- The main source used was the Reporting Exchange database from the World Business Council for Sustainable Development (WBCSD). Direct contact with a Director of the WBCSD was established, and a formal request for a database extraction containing all sector-specific NFR initiatives worldwide was made. A database comprising approx. 320 initiatives was received and the stream members then filtered the initiatives based on the boundaries defined, hence creating a first comprehensive list
- Other sources were used to back the exhaustiveness of the preliminary list, notably desk research by the stream members and direct contacts to their personal network
- The list was shared with the PTF Secretariat for potential additions
- The list was matched with suggestions of initiatives directly received from the European Commission
- Finally, outreaches were made to prominent sector-specific business associations at EU level (e.g. Eurogas, Eurelectric, CEFIC, etc.), requesting them to bring to the knowledge of the stream the potential NFR initiatives relevant to their specific sector. These outreaches cannot claim to be exhaustive in terms of business associations contacted, but they covered the most influential actors at EU level and allowed to confirm that no significant NFR initiative had been overlooked in the list

12 Ultimately, the stream expert group settled on a list of sectorial initiatives covering all macro-economic sectors as defined by the EU statistical classification (NACE) except 4 of lesser relevance for the NFR scope ("administrative and support service activities", "public administration and defence; compulsory social security", "activities of households as employers; undifferentiated goods- and services-producing activities of households for own use", and "activities of extraterritorial organisations and bodies". "Financial and insurance activities" were not covered either as addressed by another PTF stream.

13 Among this list, many initiatives were sectorial variations of a single program from a single organisation (e.g. the sectorial standards of the Sustainability Accounting Standards Board (SASB)). In this case it was agreed to consider only 1 initiative representing all the sectorial variations, so as not to overweight the perimeter in favour of Sectorial initiatives versus the other groups.

SME-specific initiatives

14 As for the sectorial initiatives, various sources were used to build the list of initiatives:

- A preliminary list of SME-specific initiatives from French-speaking organisations (France and Canada) was shared to the experts, leveraging previous work done by a Phd student from Toulouse University, currently post doc at Audencia
- Direct contacts were made to SME experts inside the PTF, notably Luc HENDRICKX (SMEunited) and Esther ORTIZ (European Federation of Accountants and Auditors for SMEs)
- Support was received from Sophie FLAK (Eurazeo), member of the PTF whose organisation has been working extensively on the NFR SME topic
- Desk research was conducted by the involved stream members addressing an international scale, enabling the group to identify a new set of initiatives, notably from Italy, Netherlands and the Nordics

15 The final list of gathered initiatives was then filtered against the 3 defined boundaries and challenged by the Stream Lead for finalisation.

Assessing initiatives

16 The final list of NFR initiatives selected was assessed following 2 main directions: first, a set of data was gathered on all the initiatives through a questionnaire sent to their representatives and complementary desktop research made by the expert group, enabling the expert group to assess a number of key points; then, based on the collected data and complementary research on specific point, a credibility assessment of all possible initiatives was performed.

Questionnaire & desktop research

17 For it to be as exhaustive and detailed as possible, the data gathered on the initiatives was collected through:

- A questionnaire of 70 technical questions (+1 question requesting a contact point at the end), following the set of 70 criteria previously defined to assess the initiatives (see above). The questionnaire, in the shape of an online form, was sent to all selected initiatives, in priority to an identified representative when a direct contact was available, or alternatively via the general contact routes indicated on the organisation's website & communications. Several reminders were made, and the requested deadline was then pushed up to a maximum to allow a maximum of respondents. Ultimately, the answers to the online questionnaire allowed the expert group to gather detailed data on approximately half the initiatives in scope.
- Launched prior to the gathering of the online questionnaire's answers, a phase of desktop research conducted by the experts themselves was conducted to anticipate the potential missing answers to the questionnaires. This desktop research was conducted on a more limited set of technical questions (approximately 40) so as to focus on the most important and accessible information. When all answers from the questionnaires were gathered, a maximum of questions that were left unanswered across initiatives were filled using the desktop research.

18 Once the final deadline to answer the online questionnaire was reached, the expert group decided to end the research phase and move to the assessment itself. Based on data gathered from both sources, it was then possible to assess a number of key topics on the initiatives (e.g. type, coverage, governance, funding, etc.) as detailed in the assessment report itself.

Credibility assessment

19 Using the data gathered from both sources described above, the expert group then conducted a supplementary assessment on the credibility of all the initiatives in scope.

20 The methodology of this assessment was derived from the Credibility Principles framework of the ISEAL Alliance, a recognised international organisation whose goal is to define the best practices for any credible sustainability standards systems.

21 The 10 dimensions of the ISEAL framework were kept: Sustainability, Improvement, Relevance, Rigour, Engagement, Impartiality, Transparency, Accessibility, Truthfulness and Efficiency. In each of those dimensions, a set of criteria was then selected by the expert group from the Credibility Principles methodology.

22 All the initiatives in scope were then assessed against the defined criteria, ultimately providing the data for the Credibility assessment found in the Assessment report.

STEP 2: ASSESSMENT & QUALIFICATION OF INDICATORS FROM RELEVANT NFR INITIATIVES

23 The stabilisation during Step 1 of the final list of NFR initiatives to be assessed enabled the start of the Step 2 work. Out of the list of initiatives selected in Step 1, the expert group decided to exclude for the Step 2 assessment:

- All Sectorial initiatives, due to the excessive complexity, granularity, and overall amount of indicators that they encompassed that would not improve the relevance and consistency of the Stream work, in addition to a general lack of available data across those initiatives
- All remaining initiatives for which the list of encompassed KPI was not made fully available

24 As a result, the final scope of the Step 2 assessment was comprised of 42 initiatives, breaking down into a total count of 4,597 indicators / data points. On this list of data points the analyses were then conducted leading to the results described in the Assessment report.

25 Two other databases were constructed: one containing all indicators from the 24 SME initiatives, and one containing all indicators from 10 intangibles initiatives.

26 All three databases are going to be left for the potential future EU standard-setter to use.

APPENDIX 2: LIST OF NFI INITIATIVES CONSIDERED IN THE ASSESSMENT

TYPE	INITIATIVE	ORGANISATION	QUESTIONNAIRE ANSWERED	FINAL SELECTION (excluding redundant sector variations)
Generic	Athens Stock Exchange ESG Reporting Guide	Athens Stock Exchange	No	YES
Generic	B Impact Assessment	B Lab	Yes	YES
Generic	Business Call to Action	United Nations Development Programme (UNDP)	No	YES
Generic	Business Reporting on the SDGs: An Analysis of the Goals and Targets	UNGC / GRI	Yes	YES
Generic	core indicators for entity reporting on contribution towards implementation of the SDGs	UNCTAD ISAR	Yes	YES
Generic	ESG Reporting Guidance 2.0	Nasdaq	No	YES
generic	Future Fit Benchmark	Future Fit Foundation	Yes	YES
Generic	GRI Standards	Global Reporting Initiative	Yes	YES
generic	IRIS+ System I Standards (Impact Reporting and Investment Standards)	GIIN	No	YES
Generic	non-Financial Information Standard (nFIS) – Standard Informacji Niefinansowych (SIN)	Foundation for Reporting Standards (Fundacja Standardów Raportowania)	Yes	YES
Generic	Reporting on SDGs: a Survey of Reporting Indicators	UNCTAD	No	YES
Generic	SDG Action Manager	B Lab/ UNGC	Yes	YES
generic	the Sustainability Code of the German Council for Sustainable Development	German Council for Sustainable Development	Yes	YES
Generic	Toward Common Metrics and Consistent Reporting of Sustainable Value Creation	WEF/ EY, KPMG, PwC, Deloitte	Yes	YES
Sectorial	ACT-FRAMEWORK (CDP/ ADEME)	ADEME/CDP	No	NO (sector version of Topical initiative)
Sectorial	Advancing reporting on responsible mineral sourcing	GRI; Responsible Minerals Initiative (RMI)	No	YES
Sectorial	Airport Carbon Accreditation (ACA)	Airports Council International Europe	Yes	YES
Sectorial	B Impact Assessment – Sector version	B Lab	Yes	NO (sector version of Generic initiative)

TYPE	INITIATIVE	ORGANISATION	QUESTIONNAIRE ANSWERED	FINAL SELECTION (excluding redundant sector variations)
Sectorial	Behind the Brands Oxfam	Oxfam	No	YES
Sectorial	Best Aquaculture Practices (BAP)	Global Aquaculture Alliance	Yes	YES
Sectorial	CDP Sector Modules Questionnaire and Guidance	CDP	No	NO (sector version of Topical initiative)
Sectorial	Cement Sector Scope 3 GHG Accounting and Reporting Guidance	World Business Council for Sustainable Development	No	YES
Sectorial	Corporate Human Rights Benchmark / WBA	CHRB	No	NO (sector version of Topical initiative)
Sectorial	Food Loss and Waste Protocol	World Resources Institute	Yes	YES
Sectorial	FSC label	Forest Stewardship Council	No	YES
Sectorial	G4 Airport Operators Sector Disclosures	Global Reporting Initiative (GRI)	Yes	NO (sector version of Generic initiative)
Sectorial	GLEC Framework for logistics emissions methodologies	Smart Freight Centre	Yes	YES
Sectorial	Greenhouse Gas Inventory Sector Guide	ADEME	No	YES
Sectorial	Guide for the reporting of annual pollutant releases to water, air, waste and soil for non-hazardous waste incineration plant operators	ADEME; French Federation of Waste Management and Environmental Services	No	YES
Sectorial	ICTI Ethical Toy Program	Ethical Toy Program	No	YES
Sectorial	IRIS+ System | Standards – Sector version	GIIN	No	NO (sector version of Generic initiative)
Sectorial	KPIs for Environmental, Social, Governance (ESG), a Guideline for the Integration of ESG into Financial Analysis and Corporate Valuation	EFFAS (the European Federation of Financial Analysts Societies)	Yes	YES
Sectorial	Listed real estate standard	EPRA – European Public Real Estate Association	Yes	YES
Sectorial	Oil and Gas Methane Partnership – OGMP	United Nations Environment Programme/ Climate & Clean air coalition	Yes	YES
Sectorial	PEFC label	PEFC	Yes	YES
Sectorial	SASB Sustainability Accounting Standard Advertising & Marketing	Sustainability Accounting Standards Board (SASB)	Yes	YES
Sectorial	SFI Standards	Sustainable Forestry Initiative	No	YES

TYPE	INITIATIVE	ORGANISATION	QUESTIONNAIRE ANSWERED	FINAL SELECTION (excluding redundant sector variations)
Sectorial	Sustainability reporting guidance for the oil and gas industry	IPIECA / IOGP / API	Yes	YES
Sectorial	Sustainable Freight Procurement Framework	Clean Cargo Working Group	Yes	YES
Sectorial	The Cement CO_2 and Energy Protocol / Cement Sustainability Initiative	World Business Council for Sustainable Development / GCCA – Cement Sustainability Initiative	No	YES
Sectorial	Thesaurus Football	Ginkyo	Yes	YES
Sectorial	WICI Industry KPI	World Intellectual Capital Initiative (WICI)	Yes	NO (sector version of Topical initiative)
SME	AFAQ 26000 (AFNOR certification)	AFNOR	Yes	YES
SME	Autodiagnostic RSE	CCI PACA	No	YES
SME	Biomwork index / Prix sociétal	Biom	Yes	YES
SME	BNQ21000	bureau de normalisation du Québec	Yes	YES
SME	Cap Immatériel	ATEMIS	Yes	YES
SME	CSR4YOU TOOL Questionnaire	Research Team University of Turin	Yes	YES
SME	diagnostic RSE	audit-rse.com / B&L evolution	No	YES
SME	Eurazeo overviews (2)	Eurazeo	No	YES
SME	EVALUMIP	ADEPES	No	YES
SME	GADD	Eco-conseil – UQAC	No	YES
SME	GPS Performance globale	Métropole de Nantes	Yes	YES
SME	Grille 35 questions	Eco-conseil – UQAC	No	YES
SME	Label Lucie	Label Lucie	Yes	YES
SME	Nota PME	Patrick Sénicourt	No	YES
SME	Performance Globale	CJD	No	YES
SME	Planet'RSE	Association Planet'RSE	Yes	YES
SME	Quiz pme et DD	Canton de Genève	No	YES
SME	Quizz Durable et rentable	CCI Mayenne	No	YES
SME	Référentiel Régional Partagé, operated by Entreprises en Pays de la Loire	Région Pays de La Loire	No	YES
SME	Score RSE	AFNOR	No	YES
SME	Self Assessment CSR questionnaire (Confindustria)	Confindustria	No	YES
SME	Sustatool	CSR Flanders	No	YES

TYPE	INITIATIVE	ORGANISATION	QUESTIONNAIRE ANSWERED	FINAL SELECTION (excluding redundant sector variations)
SME	Thesaurus RSE	N/A	No	YES
SME	Valentin	INTERCESSIO / INTERACTIS	Yes	YES
Topical	2019 Gender Equality Global Report & Ranking	Equileap	No	YES
topical	7D Value	Wise Holding / Club of Brussels	Yes	YES
Topical	ACT-FRAMEWORK (CDP/ ADEME)	CDP/ADEME	Yes	YES
Topical	Alliance for water stewardship Standards	Alliance for Water Stewardship	No	YES
Topical	CDP Climate Change	Carbon Disclosure Project	Yes	YES
Topical	CDP Forest	Carbon Disclosure Project	Yes	YES
Topical	CDP Water	Carbon Disclosure Project	Yes	YES
Topical	CEO Water Mandate's Corporate Water Disclosure Guidelines	UNGC	No	YES
Topical	CHRB Core UNGP Indicators – 25Apr2019	CHRB	No	YES
topical	Circular Transition Indicators V1.0 – Metrics for business, by business (WBCSD)	WBCSD	Yes	YES
topical	Circulytics	Ellen McArthur Foundation	Yes	YES
Topical	Global Protocol on Packaging Sustainability 2.0	Consumer Goods Forum	No	YES
Topical	Organisational Environmental Footprint (EU)	DG Env (European Union)	Yes	YES
Topical	Product Environmental Footprint (EU)	DG Env (European Union)	Yes	YES
topical	Reference Value (CNAM)	Michel Bera & Christian Robert	No	YES
Topical	Sustainability Policy Transparency Toolkit	Zoological Society of London (ZSL)	Yes	YES
Topical	The 10th Principle Against Corruption (Global Compact / Transparency International)	UNGC / Transparency International	No	YES
topical	The Anti-Bribery Checklist	Transparency International	Yes	YES
Topical	The Transition Pathway Initiative	TPI	Yes	YES

TYPE	INITIATIVE	ORGANISATION	QUESTIONNAIRE ANSWERED	FINAL SELECTION (excluding redundant sector variations)
Topical	The Women's Empowerment Principles : Reporting on Progress (aligned with GRI G4)	ICRW	No	YES
Topical	The Women's Empowerment Principles Gap Analysis Tool	UNGC	No	YES
topical	The Workforce Disclosure Initiative	Share Action	Yes	YES
Topical	Thesaurus	Goodwill Management / Observatoire de l'Immatériel /ESDES	Yes	YES
Topical	UN Global Compact-Oxfam Poverty Footprint	UNGC / Oxfam	No	YES
Topical	UN Guiding Principles	Mazars / Shift	Yes	YES
Topical	Understanding and Measuring Women's Economic Empowerment, Definition, Framework and Indicators	ICRW	No	YES
topical	WASH Pledge and Guiding Principles for Implementation WWS2.1	WBCSD	Yes	YES
Topical	WBA Gender Benchmark	World Benchmarking Alliance	Yes	YES
topical	WICI	World Intellectual Capital Initiative (WICI)	Yes	YES

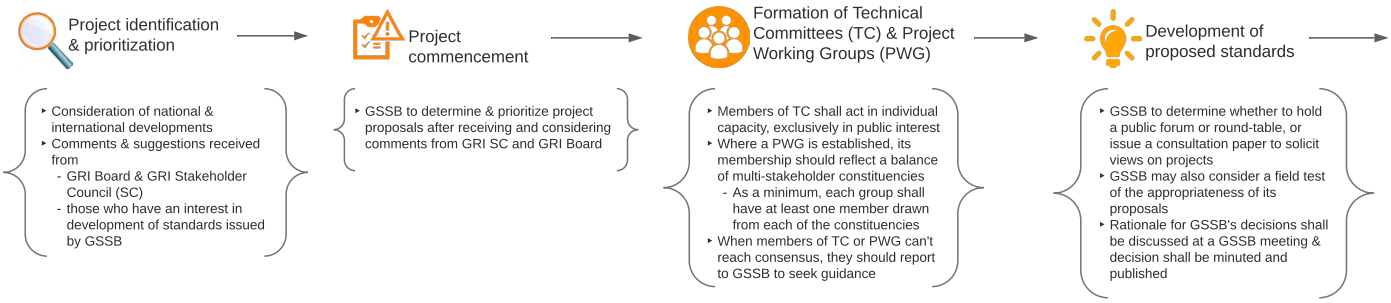
APPENDIX 3: MISSION STATEMENTS STATED BY GENERIC INITIATIVES

NAME OF INITIATIVE	MISSION STATEMENT
GRI Standards	GRI envisions a **sustainable future** enabled by **transparency** and open dialogue on impacts. This is a future in which reporting on impacts is common practice by all organisations around the world. As provider of the world's most widely used sustainability reporting standards, **we are a catalyst for that change**.
B Impact Assessment	B Lab is **transforming** the global economy to **benefit all people, communities, and the planet**. A leader in **economic systems change**, our global network creates **standards**, policies, and tools for business, and we certify companies—known as B Corps—who are leading the way. To date, our community includes over 3,500 B Corps in 70 countries and 150 industries, and over 120,000 companies manage their impact with the B Impact Assessment and the SDG Action Manager.
IRIS+ System I Standards (Impact Reporting and Investment Standards)	IRIS+ is the generally accepted **impact accounting system that leading impact investors use to measure, manage, and optimize their impact**. Proper use of the IRIS+ system ensures a minimum level of consistency in a users' impact claims and performance, which makes it easier for investors to analyze and extract useful information for decision making. Use of IRIS+ also facilitates the comparison of impact information.
Non-Financial Information Standard (nFIS) – Standard Informacji Niefinansowych (SIN)	The Non-Financial Information Standard (nFIS) (Polish: Standard Informacji Niefinansowych, abbreviated to SIN) is a self-regulation whose draft has been endorsed by a number of institutions and organisations associated with the **capital market**.The Non-Financial Information Standard (nFIS) (Polish: Standard Informacji Niefinansowych, abbreviated to SIN) is a self-regulation. The Polish Association of Listed Companies and the Foundation for Reporting Standards have been coordinating the draft of nFIS that has gained approval and support from the following institutions and organisations.
The Sustainability Code of the German Council for Sustainable Development	The German Council for Sustainable Development is an independent advisory body to the German government. The members of the Council for Sustainable Development are appointed by the Federal Chancellor every three years. The Council is tasked with: **generating contributions to the German Sustainable Development Strategy**, specifying concrete areas of action and projects, **making sustainability a public issue of vital importance**.
ESG Reporting Guidance 2.0	We aim to set the pace for rethinking capital markets and economies anywhere and everywhere
Reporting on SDGs: a Survey of Reporting Indicators	Globalization, including a phenomenal expansion of trade, has helped lift millions out of poverty. But not nearly enough people have benefited. And tremendous challenges remain. We support developing countries in accessing the benefits of a globalized economy more fairly and effectively. And we help equip them to deal with the potential drawbacks of greater economic integration. To do this, we provide analysis, facilitate consensus-building, and offer technical assistance. This helps them to use trade, investment, finance, and technology as vehicles for **inclusive and sustainable development**.
Core indicators for entity reporting on contribution towards implementation of the SDGs	maximize the trade, investment and development opportunities of developing countries and assist them in their efforts to integrate the world economy on an **equitable basis**
Athens Stock Exchange ESG Reporting Guide	The Athens Stock Exchange joined the SSE initiative in 2018 by making a voluntary public commitment to promote improved ESG disclosure and performance among listed companies. Through this Guide, we aim to help pave the path for a **more sustainable economy** by empowering issuers to improve their ESG performance and **effectively communicate it with investors**.

NAME OF INITIATIVE	MISSION STATEMENT
Toward Common Metrics and Consistent Reporting of Sustainable Value Creation	The World Economic Forum is the International Organisation for Public-Private Cooperation. Our mission is to improve the state of the world. Our purpose is to bring together stakeholders from all sectors of society to shape the future. The Forum engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas. Governments, businesses or civil society alone cannot ensure our systems are recalibrated for a future that is more cohesive, sustainable and resilient. A partnership of all global stakeholders is needed, including the most knowledgeable experts, the most creative thinkers, and the younger generations.
Business Call to Action	Business Call to Action (BctA) aims to accelerate **progress towards the Sustainable Development Goals (SDGs)** by challenging companies to develop **inclusive business models** that engage people at the base of the economic pyramid (BoP) – people with less than US$10 per day in purchasing power in 2015 US dollars – as consumers, producers, suppliers, distributors of goods and services and employees.
Business Reporting on the SDGs: An Analysis of the Goals and Targets	Mobilize a global movement of **sustainable companies** and stakeholders to create the world we want.
SDG Action Manager	B Lab is **transforming** the global economy to **benefit all people, communities, and the planet**. A leader in economic systems change, our global network creates standards, policies, and tools for business, and we certify companies—known as B Corps—who are leading the way. To date, our community includes over 3,500 B Corps in 70 countries and 150 industries, and over 120,000 companies manage their impact with the B Impact Assessment and the SDG Action Manager.
Future Fit Benchmark	Our vision is a **Future-Fit Society** – one which **protects the possibility that humans and other life will flourish on Earth forever, by being environmentally restorative, socially just and economically inclusive**. Given where we are today, this vision can only be realised through **a rapid and radical shift in the way our economy works**. Our mission is to catalyse this shift, by translating systems science into practical free-to-use tools designed to help business leaders, investors and policy makers respond effectively to today's biggest challenges.

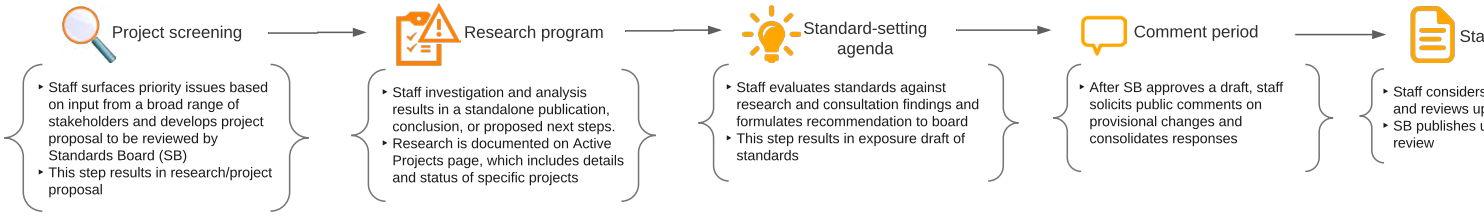
APPENDIX 4: DETAILED DUE PROCESSES OF STANDARD SETTERS

GRI: Due Process of Global Sustainability Standards Board (GSSB)



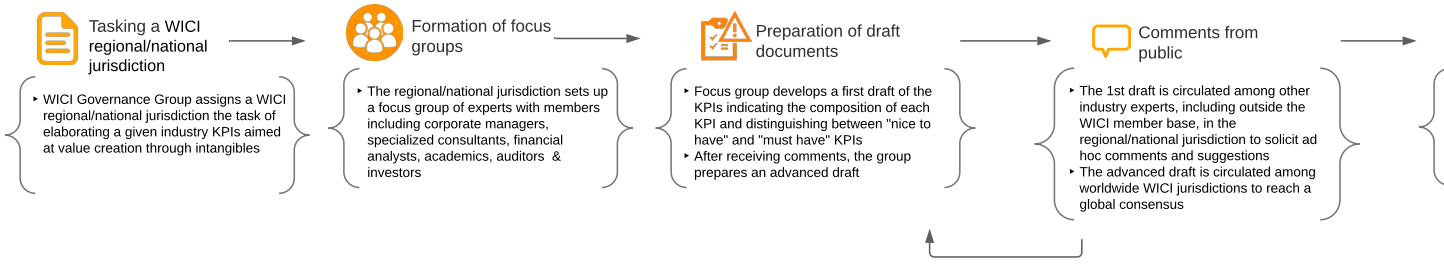
Note: GSSB and DPOC are appointed by the Independent Appointment Committee (IAC) of GRI

Due Process of Sustainability Accounting Standards Board (SASB)

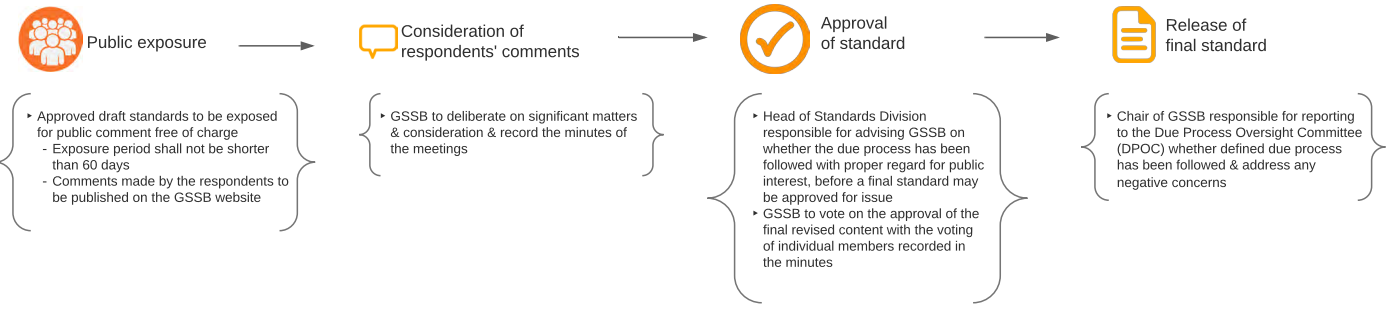


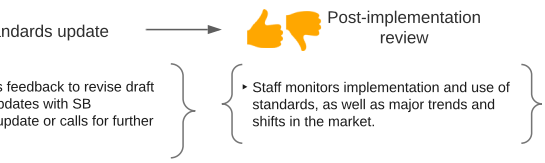
Notes:
1. Members of SB are appointed by the SASB Foundation Board of Directors
2. Standards Oversight Committee evaluates the adequacy, comprehensiveness, effectiveness & adherence to due process procedures throughout the standard-setting process

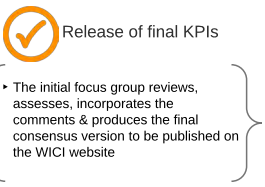
WICI: Industry KPIs Due Process



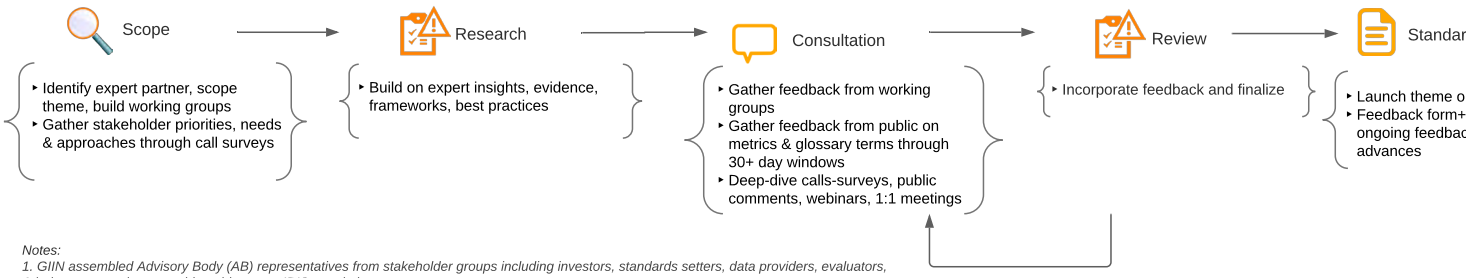
Notes:
1. The General Assembly consists of promoting parties (universities, World Business Council for Sustainable Development (WBSCD)) and members of regional jurisdictions
2. The Governance Group consists of a Chairperson, representatives from WICI Japan, Europe , WBSCD & observers


Public exposure
Approved draft standards to be exposed for public comment free of charge
- Exposure period shall not be shorter than 60 days
- Comments made by the respondents to be published on the GSSB website
Consideration of respondents' comments
GSSB to deliberate on significant matters & consideration & record the minutes of the meetings
Approval of standard
Head of Standards Division responsible for advising GSSB on whether the due process has been followed with proper regard for public interest, before a final standard may be approved for issue
GSSB to vote on the approval of the final revised content with the voting of individual members recorded in the minutes
Release of final standard
Chair of GSSB responsible for reporting to the Due Process Oversight Committee (DPOC) whether defined due process has been followed & address any negative concerns


ndards update
s feedback to revise draft
pdates with SB
update or calls for further
Post-implementation review
Staff monitors implementation and use of standards, as well as major trends and shifts in the market.

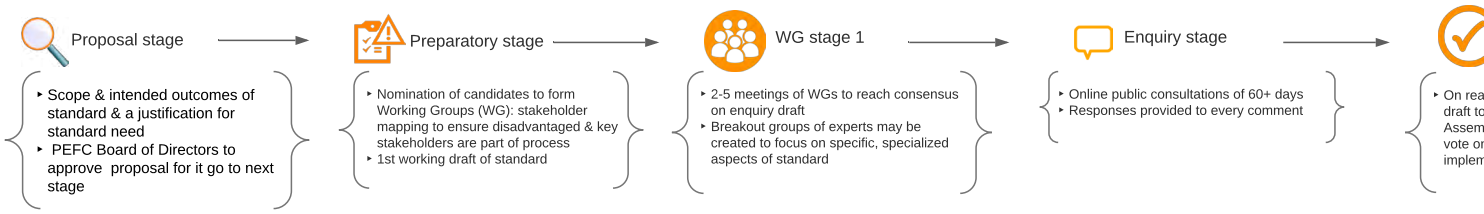

Release of final KPIs
The initial focus group reviews, assesses, incorporates the comments & produces the final consensus version to be published on the WICI website

Global Impact Investing Network (GIIN): Due Process for IRIS to IRIS+



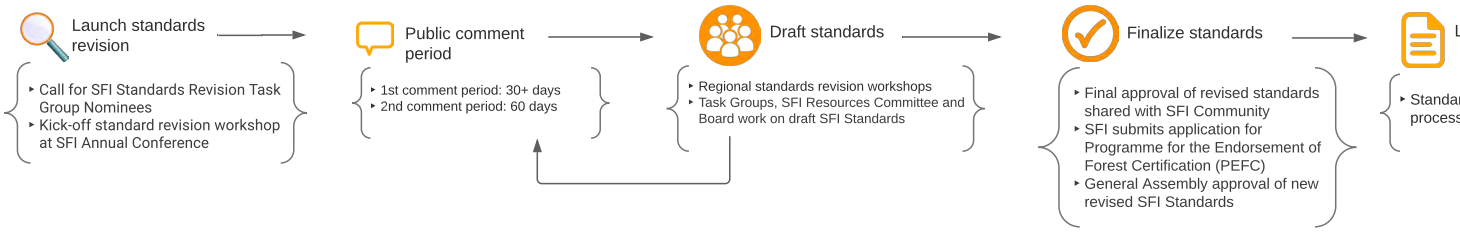
Notes:
1. GIIN assembled Advisory Body (AB) representatives from stakeholder groups including investors, standards setters, data providers, evaluators, & industry networks to provide guidance on IRIS+ evolution
2. AB is informed by the work of Expert Groups & Committees
3. Due process at GIIN is informed by stakeholder engagement & balance of interests, public comments & meaningful opportunities to contribute, transparency, additive value and consistency with other frameworks

Due Process for the Program for Endorsement of Forest Certification (PEFC)



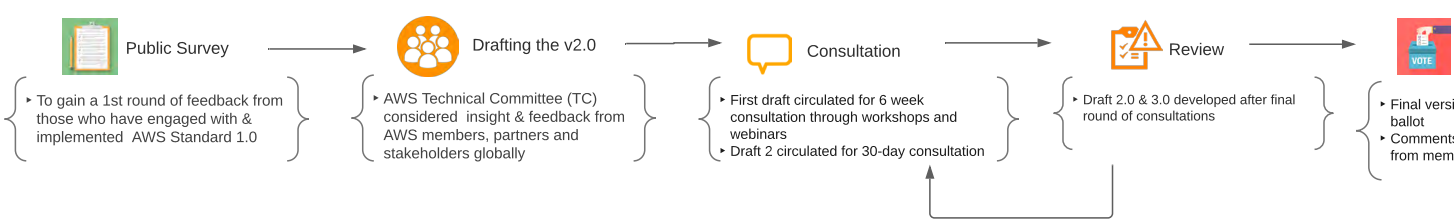
Notes:
1. GA is made up of members of PEFC, including national & international stakeholders with voting rights & extraordinary members as observers
2. Board members are elected by the GA
3. WGs contain 8-30 members with a balanced representation of stakeholder categories

Due Process for Standard Revision at Sustainable Forestry Initiative (SFI)



Notes:
1. SFI Board members include executive-level representatives of conservation organizations, academic institutions, aboriginal/tribal entities, family forest owners, public officials, labor & forest products industry
2. SFI External Review Panel monitors SFI standard revision process & reviews every public comment submitted to ensure it is transparent & objective. The panel elects its own members.

Due Process for Alliance for Water Stewardship (AWS) Standard Revision



Notes:
1. The AWS TC, appointed at AWS AGM, represents the balanced interests of all groups of stakeholders and is responsible for the integrity and quality control at AWS
2. AWS follows the best practices set out by the ISEAL Code of Standard Setting
3. Better engagement with data, water policy and law, public sector agencies, civil society and neighboring water users has proven to be one of the core strengths of the AWS Standard

ds release

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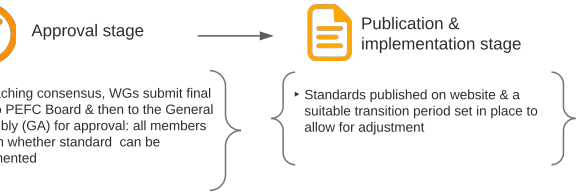

Launch standards

rds published ~2 years after
s launch

APPENDIX 5:
ACT FRAMEWORK INDICATOR OVERVIEW

		ACROSS SECTORS		
		PAST	PRESENT	FUTURE
	1. TARGETS	Company performance on existing targets	Timeline of emissions reduction targets	Alignment of emissions reduction targets with climate science
CORE BUSINESS PERFORMANCE	INVESTMENT: 2.MATERIAL INVESTMENT	Historic trend in direct emissions	Carbon intensity of current asset base	Future locked-in emissions of current asset base
	INVESTMENT: 3.INTANGIBLE INVESTMENT	R&D expenditure trends	Current R&D expenditure in low-carbon technology	R&D directions & investment in transition plan
	4.SOLD PRODUCT PERFORMANCE	Historic trend in indirect emissions	Present-day actions and interventions to reduce embedded emissions	Projected emissions intensity of products in-use and of products to be sold in the future
	5.MANAGEMENT	Trend in management incentives for non-fossil fuel technology	Low-carbon scenario testing	Strategic low carbon transition plan
INFLUENCE	6.SUPPLIER	Supply chain engagement performance trend	Supply chain engagement level & depth	Forward-looking supply chain strategy & risk assessments
	7.CLIENT	Previous campaigns to promote low-carbon products	Engagement with clients to promote low-carbon products	Activities and proposals for moving customer demand to low-carbon products
	8.POLICY ENGAGEMENT	Policy engagement history & public positions	Company policy on engagement with trade associations	Alignment of transition plans with NDCs and other policies
	9.BUSINESS MODEL	Experience with running low-carbon business models	Integration of circular economy principles in current business model	Development of future low-carbon compatible business models

APPENDIX 6: COMPLEMENTARY DOCUMENTATION SUPPORTING THE ASSESSMENT

DOCUMENT	DESCRIPTION	LOCATION
Assessment questionnaire	71-question questionnaire sent to all NFI initiatives in scope to carry out the Assessment (see Methodology note in Appendix 1)	Accessible via direct request to EFRAG
Initiatives' assessment database	Excel database aggregating all the information collected on all initiatives in scope to carry out the Assessment	Accessible via direct request to EFRAG
KPI database	Excel database aggregating all the analyses carried out on the KPI of the NFI initiatives in scope	Proprietary research work belonging to UNGC-Audencia – Extracts available via Audencia
KPI database for SMEs	Excel database aggregating all the analyses carried out on the KPI of the SME NFI initiatives in scope	Proprietary research work – Extracts available via direct request to EFRAG
KPI database for intangibles	Excel database aggregating all the analyses carried out on the KPI of the intangible NFI initiatives in scope	Proprietary research work – Extracts available via direct request to EFRAG

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