



THE ESRA CRITERIA

The ESRA criteria have been divided into two parts -

1. Contents (50%)
2. Reporting Principles (50%)

Contents

The contents section makes up 50% of the marks and is sub-divided into seven sections:

1. CEO (or equivalent senior manager) Statement (5%)
2. Executive summary and key indicators (5%)
3. Profile (5%)
4. Reporting and accounting policies (5%)
5. Vision and strategy (5%)
6. Governance structure and management systems (10%)
7. Performance (15%)

Reporting Principles

The reporting principles section makes up 50% of the marks and is sub-divided into eight sections:

- | | |
|--------------|--------------------------|
| Principle 1. | Relevance (5%) |
| Principle 2. | Reliability (5%) |
| Principle 3. | Clarity (5%) |
| Principle 4. | Comparability (5%) |
| Principle 5. | Timeliness (5%) |
| Principle 6. | Completeness (5%) |
| Principle 7. | Verifiability (10%) |
| Principle 8. | Overall impression (10%) |

The criteria can be applied to both environmental and sustainability reports. The sections of the revised ESRA criteria are described more fully below.

PART ONE: CONTENTS (50%)

1. CEO (or equivalent senior manager) Statement (5%)

- 1.1 Commitment to economic and/or social and/or environmental goals by leadership
- 1.2 Highlights of performance
- 1.3 Major challenges for the business in terms of integrating responsibilities for financial performance with economic and/or social and/or environmental, along with the implications of this on future business strategy

2.0 Executive summary and key indicators (5%)

- 2.1 Highlights of report and commitment to targets
- 2.2 Performance against benchmarks (economic and/or social and/or environmental), previous years performance, targets and industry sector norms

3. Profile (5%)

Organisational Profile

- 3.1 General profile
(e.g.: major products and services, countries of operation, nature of ownership)
- 3.2 Organisation context
(e.g.: number of employees, scale of activities, net sales, total assets)
- 3.3 List of stakeholders, key attributes of each and relationship to reporting organisation

Report scope and accessibility

- 3.4 Coverage of report (including specific limitations on the scope)
(e.g.: region, services, facilities, joint ventures, subsidiaries)
- 3.5 Significant changes in size, structure, ownership, or products/services that have occurred during the reporting period
- 3.6 Contact persons for report including e-mail and web addresses to obtain additional information
- 3.7 Public accessibility and how to obtain report(s).

4. Reporting and accounting policies (5%)

- 4.1 Basis of selection of Key Performance Indicators
- 4.2 Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations and other not (fully) owned organisations that can be controlled or influenced (including life-cycle).
- 4.3 Basis for obtaining the reported data (measurement methods), definitions used and major underlying assumptions made
- 4.4 Explanation of the limitations in the accuracy of the data
- 4.5 Any significant changes in measurement
- 4.6 Policy with regard to independent assurance

5. Vision and strategy (5%)

- 5.1 The reporting organisation is asked to set out its vision and discuss how that vision integrates economic and/or environmental and/or social performance (e.g.: long-term vision of sustainability, a discussion of challenges and obstacles that lay ahead, an explanation of how economic and/or social and/or environmental values intersect and are balanced in the organisation).

6.0 Governance structure and management systems (10%)

- 6.1 Policies and objectives
(e.g.: policies and objectives pertaining to economic and/or social and/or environmental issues).
- 6.2 Corporate governance
(e.g.: governance structure of the organisation and responsibilities, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation, board level process for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities, mission and values statements)
- 6.3 Management systems
(e.g.: application of guidance and/or standards such as CEFIC, GRI, ISO 14000 and EMAS, status of certification, risk assessment, internal audits, compliance, supply chain/outsourcing issues, employee training, approaches to measuring and monitoring data, environmental accounting and auditing, programmes and procedures pertaining to economic and/or environmental and/or social performance).
- 6.4 Stakeholder relationships
(e.g.: basis for definition and selection of major stakeholders, approaches to stakeholder consultation, type of information generated by stakeholder consultations, use of stakeholder feedback).

7.0 Performance (15%)

For each sub-section, those judging sustainability reports should score Environmental, Social and Economic data for each area.

- 7.1 Key parameters (absolute data) and rationale for choosing them
- 7.2 Key ratio (normalised) data, including integrated indicators
- 7.3 Targets including their achievement/non achievement with explanations, setting of future targets with explanations
- 7.4 Benchmarking (historical trends, comparison with best practice and industry norms/peers, performance against regulatory requirements)
- 7.5 Upstream/downstream indirect influence of operations, products and services

PART TWO: REPORTING PRINCIPLES (50%)

The qualitative characteristics of reporting, now part of the EERA criteria, serve to enhance the credibility of reported data and are intended to make information as relevant as possible for stakeholders. The following eight reporting principles are judged:

Principle 1. Relevance (5%)

To be useful, information must be *relevant* to the decision-making needs of user groups, recognising their diverse expectations and needs. Relevance may be determined by stakeholder or by external parties.

Principle 2. Reliability (5%)

Information is reliable when it is free from bias and material error. The reliability characteristic is supported by a number of other characteristics such as valid description, substance, neutrality, completeness, and prudence.

Principle 3. Clarity (5%)

Reporting organisations are asked to ensure that their reports are understandable to a wide range of stakeholders. Stakeholder engagement and feedback may be used to test clarity.

Principle 4. Comparability (5%)

To enable monitoring and benchmarking, organisations should aim for consistency in both the form and content of reporting over time. This will enable stakeholder to compare performance against previous years and other organisations.

Principle 5. Timeliness (5%)

To give stakeholders prompt notice of outcomes and trends, reporters are asked to report on a regular cycle. Whatever approach is selected, reliable comparative data should be provided to enable informed comparison over time.

Principle 6. Completeness (5%)

All significant environmental (social and financial) aspects should be addressed, which may imply considering the whole product life cycle. Cherry picking of selected issues is not considered adequate for giving a true and fair view on sustainability aspects and impacts to the external reader.

Principle 7. Verifiability (10%)

The inclusion of a verification statement is an important aspect of report credibility. Issues to consider are: remit and scope, indication of site visits and site specific testing, use of verification standards and guidance literature (for example: IDW, FEE, GRI)

Principle 8. Overall impression (10%)

The extent to which the report communicates to the declared target audiences should be evaluated. Issues to consider are: layout and appearance, comprehensive navigation through report, communication and feedback mechanisms, use of internet, appropriateness of graphs, illustrations and photos, understandability, readability, accessibility and appropriate length.