

Focused Reporting Benchmark 2021:
The most important results at a glance

The Focused Reporting Benchmarking 2021 analysed the sustainability reporting of over 150 companies

Since the first analysis in 2017, reporting in Switzerland has continuously improved. The most important findings for companies are summarized below:

SDGs and GRI are the most widely used frameworks and reporting standards

At the international level, efforts are being made to harmonize the multitude of international standards and frameworks for sustainability reporting. The Focused Reporting Benchmarking 2021 found that most companies follow the Global Reporting Initiative (GRI) (75%) and the 17 Sustainable Development Goals (SDGs) (66%). Interest in the Task Force on Climate-related Financial Disclosure (TCFD) has increased by 25% and in the Sustainability Accounting Standards Board (SASB) by 15% since the last analysis.

Stakeholder engagement and materiality analyses are important prerequisites for ambitious, impact-oriented sustainability goals and good reporting

Both stakeholder engagement and materiality analyses are relevant components for ambitious, impact-oriented targets and good sustainability reporting. 79% of the analyzed companies conducted a materiality analysis, although 10% of those companies did not disclose how material issues were identified. The analysis showed that companies with clear materiality processes report better on sustainability in general. In view of new regulations (e.g., the EU Corporate Sustainability Reporting Directive) as well as the TCFD requirements, companies are

required to adopt the principle of double materiality in future. As such companies should assess the effects that climate change has on the company, as well as the impact the company has on the climate.

Stakeholder involvement in this process is also important. 53% of the companies have good to very good stakeholder engagement. Considering the development towards stakeholder capitalism¹, it is important to consult stakeholders as well as to engage in cooperation and partnerships in the value chain. There is still room for improvement in this regard among Swiss companies: only 10% regularly hold stakeholder panels or workshops and 38% report on partnerships.

SMART and impact-oriented objectives drive the transformation to sustainable companies

SMART² and impact-oriented targets are needed to enable a sustainable economy within the planetary boundaries and to achieve agreed-upon climate goals. The good news is that 90% of the analysed companies report on at least one sustainability goal or commitment in general, and 77% of companies have formulated a specific climate goal. However, the analysis also shows that only 25% of those climate goals are SMART and impact oriented.

The analysis showed that SMART and impact-oriented goal setting can drive the change to becoming a more sustainable company and companies with better sustainability goals, also report better on sustainability. It is therefore recommended to set SMART, impact oriented and ambitious targets, as required by the Science Based Targets initiative (SBTi).

¹ Stakeholder capitalism as a new economic form in which companies bear responsibility for society as a whole: <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>

² SMART- Criteria: Specific – Measurable – Achievable – Relevant – Time-bound

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Setting targets for key areas of responsibility and influence

In addition to the selection of material topics and corresponding environmental targets, it is crucial for companies to start where they can have the biggest impact. Often, this is not the company's own business activity itself, but in the value chain. The Focused Reporting Benchmarking Analysis 2021 shows that companies largely concentrate on their own operations in their reporting and target setting, do not identify opportunities for greater positive impact in, for example, their raw material extraction or with their upstream- and direct suppliers. A sector-specific orientation of the largest environmental hotspots in value chains is provided by the [FOEN Environmental Atlas](#) published in 2020.

Need for incentivization and action plans to achieve targets

To ensure the credibility of targets, it is important to link compensation, or in other words the incentivization of the board of directors and senior management, with the

implementation of the targets. Also important is the development of action plans to support implementation. In this regard, the analysis found that only 16 (10.6%) of the 151 companies link the achievement of targets to incentives. Additionally, less than a third (32%) of companies reported having an implementation or action plan for achieving their goals.

Leading Practice Examples

While standards, guidelines, concepts and criteria, can provide valuable inputs for environmental goal setting, it is often real-world examples that inspire companies the most in developing and formulating environmental goals. As part of the Focused Reporting Benchmarking 2021, such best practice examples were collected and organized by sector and/or topic area. Some of these examples can be found in the report "Umweltziele von Schweizer Unternehmen 2021", a report on environmental target setting of Swiss companies available in German and published on the [Focused Reporting](#) website as well as on the FOEN website.

