



# Corporate responsibility reporting in the Technology, Media & Telecommunications sector

**Key findings from the KPMG Survey of  
Corporate Responsibility Reporting 2015**

April 2016



## About this research

This briefing contains key findings on the Technology, Media & Telecommunications (TMT) sector from the KPMG Survey of Corporate Responsibility Reporting 2015 (published November 2015). The research is based on two samples:

- The G250: the world's 250 largest companies by revenue as defined by the Fortune 500 2014 listing<sup>1</sup>. TMT companies account for 12 percent of this sample (30 companies).
- The N100: the largest 100 companies by revenue in each of 45 countries – a total of 4500 companies worldwide. TMT companies make up approximately 10 percent of this sample (451 companies).

Download the full report at: [www.kpmg.com/crreporting](http://www.kpmg.com/crreporting)

<sup>1</sup> <http://fortune.com/global500/2014/>

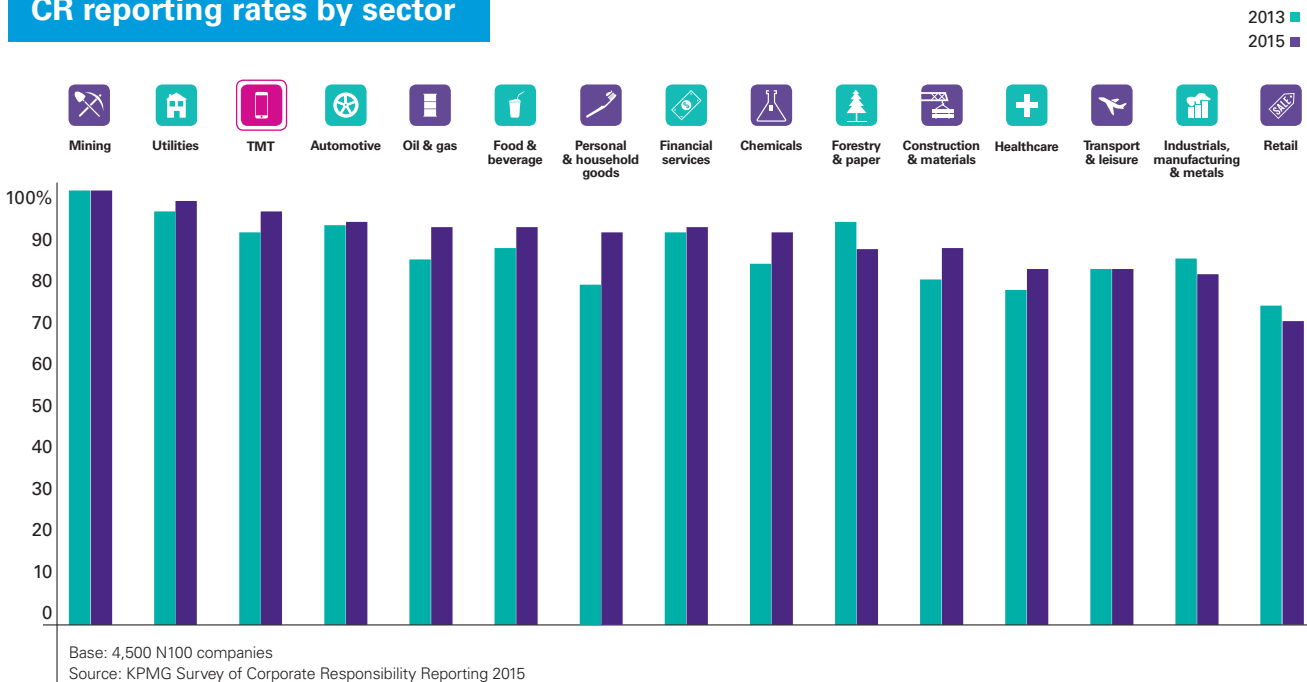
## TMT sector has a high rate of CR reporting

TMT is one of the best performing sectors in terms of the number of companies that report on corporate responsibility (CR). This suggests that CR reporting is well established as standard business practice in the TMT sector.

Although TMT companies perform well for the rate of CR reporting, few TMT companies state they are integrating CR with non-financial information in their reporting. Only 8 percent of TMT N100 CR reports state they are integrated, lower than the global average of 11 percent.

| Sample | TMT reporting rate | Average reporting rate |
|--------|--------------------|------------------------|
| G250   | 100%               | 92%                    |
| N100   | 79%                | 73%                    |

## CR reporting rates by sector



## Assurance of CR information is the norm for TMT companies

The TMT sector is seeing one of the highest rates of growth for third party independent assurance of CR information. This indicates that the sector recognizes the importance of assuring stakeholders that its non-financial information is accurate and credible.

Assurance of CR information is now the norm in the TMT sector with 58 percent of N100 TMT companies that report on CR, and 60 percent of G250 TMT companies that report on CR investing in assurance.

## Quality of TMT reporting is just above average and could improve

Most companies in the TMT sector are publishing data on their CR and sustainability performance, but how does the quality of their reporting measure up against other sectors?

KPMG analyzed the quality of CR reporting among the G250 against a framework of 7 quality criteria. Researchers awarded each company a reporting quality score out of a maximum of 100.

The quality of CR reporting among TMT companies is just above the G250 average. The average TMT quality score is 67 out of 100 compared with the G250 average score of 57.

### KPMG's quality assessment criteria for CR reporting

- 1 Stakeholder engagement**  
The report should explain how the company identifies and engages its stakeholders and how their views inform CR strategy.
- 2 Materiality**  
The report should demonstrate a clear, on-going process to identify the issues that are most significant to the company and its stakeholders.
- 3 Risk, opportunity and strategy**  
The report should identify environmental and social risks and opportunities, and explain the company's strategic response.
- 4 Targets and indicators**  
The report should declare time-bound and measurable targets.
- 5 Transparency and balance**  
The report should be open about the CR challenges the company faces, as well as its achievements, and should communicate both effectively.
- 6 Suppliers and value chain**  
The report should show how the company's CR strategy and targets address the material social and environmental impacts of its suppliers, products and services.
- 7 Corporate responsibility governance**  
The report should detail how CR is governed within the organization, who has responsibility for it and how CR performance is linked to remuneration.

### Sector scores for quality of CR reporting



Base: 230 G250 companies that report on CR  
Source: KPMG Survey of Corporate Responsibility Reporting 2015

TMT companies perform particularly well when it comes to reporting on the impact of their supply chains. Almost two thirds (63 percent) of TMT companies discuss the social and environmental impacts of their suppliers. This compares very favourably with the global average of only 43 percent of companies.

TMT companies score above average for setting sustainability-related targets, especially targets to reduce the environmental and social impacts of their supply chains. TMT companies score above average for clearly identifying the sustainability topics that are relevant to their business, and for clearly describing

the process used to identify material sustainability topics. They also score highly for identifying their key stakeholders.

However, many TMT companies could do better when it comes to articulating their long term sustainability vision. Only 60 percent of TMT companies do this compared with the G250 average of 70 percent.

What's more, the TMT sector could put more focus on assessing and reporting the potential financial impacts of sustainability risks. Just over one in ten (13 percent) TMT companies that reports on CR, currently reports on financial impacts of sustainability risks. This is an issue of increasing importance as investors look for better quality information on how sustainability risks and opportunities will affect the companies they invest in. The recently launched Financial Stability Board Task Force on Climate-related Financial Disclosures is just one example of high profile initiatives in this area.<sup>2</sup>

2 <http://www.fsb-tcfd.org/>

## TMT among best-performing sectors for carbon reporting

Companies are under increasing pressure to cut their carbon emissions, as the global economy shifts towards a low-carbon, and ultimately zero-carbon, model. This pressure has increased since the global climate agreement made in Paris in December 2015 at the COP21 UN Climate Talks.<sup>3</sup>

In addition, stakeholders are increasingly demanding clear, consistent and transparent information on corporate carbon emissions and the actions companies are taking to reduce them.

KPMG used the following 3 principles to analyze the carbon information published by the world's 250 largest companies (G250) in their CR and annual financial reports:

- 1 Reporting should be clear about whether the company sees carbon as a material issue and, if so, what data is covered and why. Carbon data should also be assured to ensure accuracy.
- 2 Where carbon is seen as material, reporting should show that the company has set clear targets to reduce its carbon emissions and how it is performing against those targets.
- 3 Reporting should communicate carbon data clearly and explain how carbon reduction helps the business.

The majority of G250 TMT companies (87 percent) report on carbon. This is above the average G250 rate of 82 percent. Most of the non-reporters are based in China and Japan.

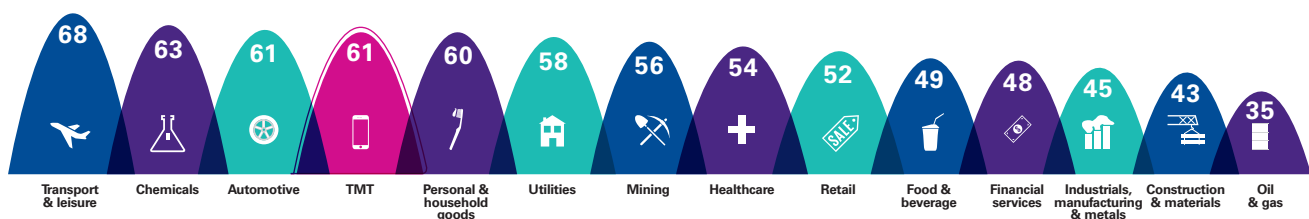
In terms of the overall quality of carbon reporting, the TMT sector also performs well with an average quality score of 61 out of 100. This score was matched by the automotive sector. Only the transport & leisure and chemicals sectors score more highly for the quality of their carbon reporting.

This high quality score was helped by the finding that, among the 14 sectors studied, TMT has the second highest rate of target setting for carbon reduction. Almost three quarters (73 percent) of TMT companies set targets to reduce their carbon emissions, slightly behind the utilities and transport & leisure sectors where 75 percent of companies do so.

However, only around one third of TMT companies that set carbon targets (36 per cent) provide a clear explanation of the rationale behind their carbon targets. While this is in line with the global average, there is clearly room for improvement.

TMT companies could also do better at reporting how their business benefits from cutting carbon emissions. Less than half (46 percent) of TMT companies that report on carbon do this, which is below the global average rate.

## TMT companies one of top 4 sectors for quality of carbon reporting (scores out of 100)



Base: 205 G250 companies  
Source: KPMG Survey of Corporate Responsibility Reporting 2015

**KPMG member firms can provide you with a bespoke assessment of the quality of your corporate responsibility reporting and a benchmarking report that compares your reporting with sector or country peers, and the global cross-sector average. For further information, contact your local KPMG member firm professional listed at the end of this briefing paper.**

<sup>3</sup> More information on what COP21 means for business is available at [kpmg.com/cop21](http://kpmg.com/cop21)

## About the KPMG Survey of Corporate Responsibility Reporting 2015

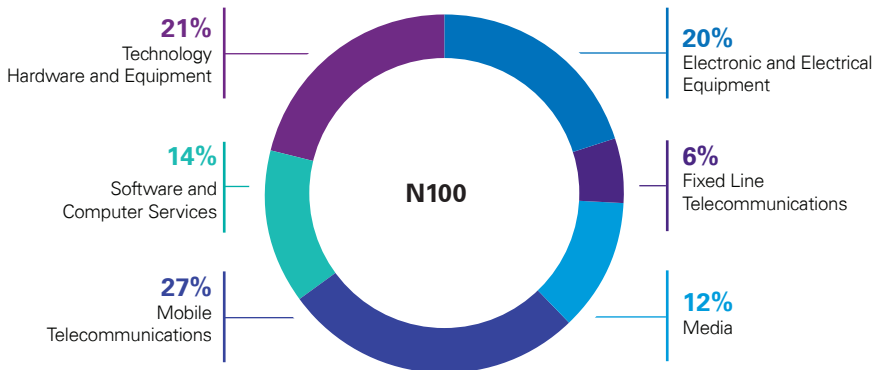
KPMG has been tracking corporate responsibility (CR) reporting trends for 22 years and The KPMG Survey of Corporate Responsibility Reporting 2015 is the ninth edition. It is one of the largest surveys of CR reporting trends globally.



## Definition of the Technology, Media & Telecommunications sector

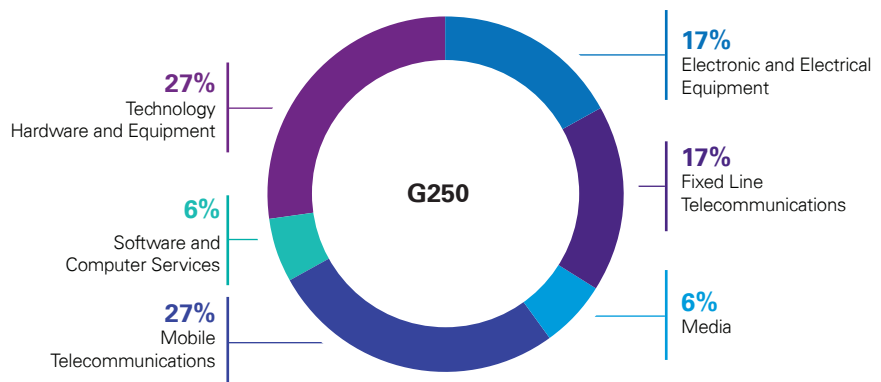
For the purposes of the KPMG Survey of Corporate Responsibility Reporting 2015, the TMT sector was classified as follows in line with the International Classification Benchmark (ICB) system: fixed line and mobile telecoms, computer services, internet, software, technology hardware & equipment, electronic office equipment, semiconductors, telecoms equipment, electrical components & equipment, broadcasting & entertainment, media agencies and publishing.

### N100 TMT companies by sub sector



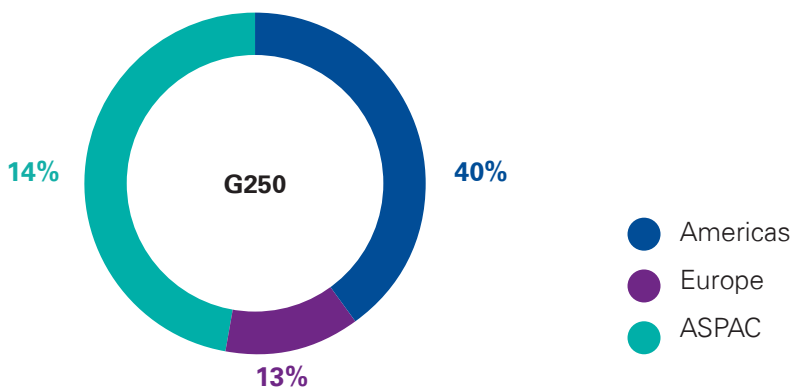
Source: KPMG Survey of Corporate Responsibility Reporting 2015

### G250 TMT companies by sub sector



Source: KPMG Survey of Corporate Responsibility Reporting 2015

### G250 TMT companies by region



Source: KPMG Survey of Corporate Responsibility Reporting 2015

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