TRAINER NOTES UNIT 9.3: CONSISTENCY ASSESSMENT

1. Objective

The PowerPoint presentations for unit 9.2 “Consistency assessment” aims at explaining the approach and general content to carry out a consistency assessment.

Participants will also learn how to detect contradicting information and deficits in a NFIR.

2. Description of contents

Below key concepts to address in this training session are briefly presented

a. *Consistency concept*

In the NFIR framework, the concept of consistency is linked to the coherence, accuracy and strength of the information contained in the reports. It is a holistic approach to critically review all the information contained in the report and the information the analyst has been able to obtain from other sources.

In short, it is about analyzing the "consistency" of the information in relation to the environmental, social, labor, etc. impacts derived from the company, the needs and expectations of its stakeholders and how the company manages these issues - or rather, what the NFIR says the company does.

In this consistency analysis, analyst must consider two approaches:

- The information contained in the report.

- The information, that should be contained in the report, but is not.

To explain this, an example can be given from a company with a deficient or limited identification of impacts associated with its activity, including its supply chain. From this incorrect identification, the information contained in the report will be inconsistent because it does not correspond to the reality of the company's impacts. The same happens if the company's stakeholders, or their needs and expectations, are not properly identified or explained.

In relation to the information contained in the report, it is a question of analyzing whether significant impacts of the company that have been included in NFIR - or in other words *“material topics”* - have associated objectives, performance indicators, information on their management, and whether this information is consistent. The analyst must check that there are no contradictions or deficits of information.

In the consistency analysis, all key concepts must be addressed: company impacts, stakeholders, materiality, supply chain, management concepts, indicators... For this, the analyst counts on CENOFIA Excels Tools as a support tool.

In the consistency analysis, it is very important that the analyst takes into account the information and opinion gathered from other sources, which will help to contrast it with what the company disclosures in the report. In this sense, it may be helpful to check the company's annual report or news on the company in question over the last year, to get opinion and feedback from some of the company's stakeholders, in particular from workers representatives, both for their status as significant stakeholders and for their extensive knowledge of the company's performance.

b. Consistency highlights

Essential issues for conducting a consistency analysis are the following:

1. Quantity and quality of information

In general, the aim is to analyze whether the information is sufficient to understand the company's impact on society - and on its stakeholders - and the way in which company manages them.

Specifically, it will be necessary to analyze the sufficiency of the information, in terms of quantity (data and indicators, for example) or quality (clear, detailed and well explained information) in each of the key issues.

In some cases, information provided by the company may be inconsistent due to a lack of data to support what it says (qualitative information but there is no quantitative information) or because there is no qualitative information to help to understand quantitative information.

In other cases, data provided in NFIR may not coincide with those published in other sources (for example emissions published by Public Administration).

2. Disaggregated information

Disaggregation of information is another aspect from which the consistency of information can be measured. In general, the less disaggregated the information, the fewer guarantees there are for contrasting the information. If a report only provides data that are too global and poorly disaggregated at the level of workplaces or activity, for example, the information appears to be less consistent.

However, analyst have to keep in mind that the company may have reported the disaggregated information elsewhere (on its website or annual report for example).

Therefore, this fact should also be analyzed and, in any case, the shortcomings in terms of consistency that managing the information in this way can produce should be pointed out. In this case, analyst can point out that, regardless of whether disaggregated information can be accessed by other means, it would be necessary, in terms of consistency, that certain disaggregated information were collected in the NFIR.

3. Sources where to get further information

For the analyst when addressing the consistency analysis, it is important to keep in mind searching for information to contrast and verify the veracity and consistency of the NFIR. In order to do so, it must resort to information published by the company in other publications, press releases, articles or technical reports, registers or government information (reports on pollutant emissions, for example).

Another important source is that which can be provided by company stakeholders (hence the importance of their correct identification). For example, trade unions and social organizations may endorse, qualify or deny certain information published by companies in NFIRs.

4. Facts and evidences of company´s commitments

Consistency of the information can also be measured by checking whether the company's commitments reflected in the NFIR (e.g. in terms of climate change or impacts associated with their value chain) are truthfully reflected in the information and data contained in these reports. This is an important element in checking whether we are dealing with a marketing or green-washing NFIR.

5. Comparability in consistency assessment

Consistency can also be measured through the comparability of information.

In this sense, it is important to assess whether:

- The report and the information contained within it can be compared on a year-to-year basis.
- The organization's performance can be compared with appropriate benchmarks.
- Any significant variation between reporting periods in the boundary, scope, length of reporting period, or information covered in the report can be identified and explained.

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