PRESS RELEASE

Five global organisations, whose frameworks, standards and platforms guide the majority of sustainability and integrated reporting, announce a shared vision of what is needed for progress towards comprehensive corporate reporting – and the intent to work together to achieve it.

LONDON, 11 SEPTEMBER 2020 – Transparent measurement and disclosure of sustainability performance is now considered to be a fundamental part of effective business management, and essential for preserving trust in business as a force for good. Yet, the complexity surrounding sustainability disclosure has made it difficult to develop the comprehensive solution for corporate reporting that is urgently needed.

In response to this, five framework- and standard-setting institutions of international significance, CDP, the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB), have co-published a shared vision of the elements necessary for more comprehensive corporate reporting and a joint statement of intent to drive towards this goal – by working together and by each committing to engage with key actors, including IOSCO and the IFRS, the European Commission, and the World Economic Forum’s International Business Council.

GRI, SASB, CDP and CDSB set the frameworks and standards for sustainability disclosure, including climate-related reporting, along with the TCFD recommendations. The IIRC provides the integrated reporting framework that connects sustainability disclosure to reporting on financial and other capitals. Taken together, these organisations guide the overwhelming majority of sustainability and integrated reporting.

Through this paper, the five organisations outline a shared vision that includes both financial accounting and sustainability disclosure, connected via integrated reporting. As Charles Tilley, CEO of the IIRC, says, “This year we have witnessed businesses around the world having to pivot their business models overnight, to prioritize the health and safety of their employees and customers above the immediate financial success of the business. The connectivity between sustainability-related factors and immediate financial-viability is clearer than ever before. It is why we are committed to working with our partners to drive a holistic system for reporting across the value chain. We know that businesses globally are already using a mixture of our frameworks and standards to provide stakeholders with robust, effective information to drive better decision-making and capital allocation via their integrated report. This document provides further clarity on how to do this effectively.”

Foundational to this vision is multi-stakeholder standard-setting that greatly reduces the burden on reporting organisations while facilitating analysis, interpretation and action by users of information. As Eric Hespenheide, Chair of the GRI Board, says: “We are pleased to be collaborating with our peers in the sustainability frameworks and standard setting community, and see this joint statement as a powerful interim step. As GRI, we believe strongly in a vision of a single, coherent global set of reporting standards, and will be working with others to achieve this outcome. We look forward to continuing to work together
with all interested organizations in achieving greater transparency through disclosure in the weeks and months to come."

Users of sustainability disclosures have many various needs, which sustainability disclosure standards are designed to facilitate. In addition to understanding the impacts on society and the environment associated with an organisation’s activities, many users need to understand how these issues affect the organisation’s financial performance and long-term enterprise value creation. As Janine Guillot, CEO of SASB says, “SASB’s unique role in this system is to surface the subset of environmental, social, and governance issues reasonably likely to materially impact financial performance of the typical company in each of 77 industries. SASB Standards are designed to improve the quality and comparability of a core subset of financially material sustainability information, serving as an important complement to information that is already reflected in the financial accounts according to Financial GAAP.”

Acknowledging the importance of structured information to enable comparison, the standard-setters emphasise the importance of data being structured around agreed taxonomies and being democratised via a public data platform, as CDP provides for thousands of companies. Paul Simpson, CEO of CDP explains, “We are delighted to work with these peer organisations to develop this statement. Over the past 20 years at CDP, we have seen environmental disclosure move from being almost non-existent to fully mainstream. The 8,400 companies, representing over 50% of global market capitalisation, who disclosed through our platform last year demonstrate this and provide a structured data set to the market. With the world’s largest corporate environmental disclosure repository, CDP is uniquely placed to showcase which data points align with which standards and taxonomies, and to continue to help companies, cities, states and regions to measure their environmental risks, opportunities and progress.”

The joint statement from this group shows a commitment to engage with all stakeholders to achieve the globally accepted comprehensive corporate reporting system that is urgently needed. Through the various initiatives and calls for action from many players, including policy makers, there is a groundswell of support for a system change. As Mardi Mcbrien, Managing Director of CDSB, says, “the CDSB Framework is industry agnostic and designed to facilitate effective disclosure of a company’s natural capital, environmental and climate-related risks and opportunities, so it supports and enhances the work being done elsewhere. This is more than just a statement of intent to work together, it is a natural next step as we look to form a complete picture of how these standards might complement Financial GAAP – integrating with the TCFD. We are looking forward to developing this picture further in the near future to meet the growing demands of investors, governments and consumers globally.”

The joint statement calls for feedback on the ideas expressed in the paper; for engagement with the standard-setters on all parts of the reporting eco-system to increase buy-in and urgent action for change; and for active support and help to achieve and evolve the vision that is set out.

Click here to view the joint statement
About the collaborating organisations

CDP is a global non-profit that drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Voted number one climate research provider by investors and working with institutional investors with assets of over US$106 trillion, we leverage investor and buyer power to motivate companies to disclose and manage their environmental impacts. Over 8,400 companies with over 50% of global market capitalization disclosed environmental data through CDP in 2019. This is in addition to the over 920 cities, states and regions who disclosed, making CDP’s platform one of the richest sources of information globally on how companies and governments are driving environmental change. CDP is a founding member of the We Mean Business Coalition. Visit https://cdp.net/en or follow us @CDP to find out more.

The Climate Disclosure Standards Board (CDSB) was founded in 2007 and is an international consortium of business and environmental NGOs committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital. It does so by offering companies a framework for reporting environmental and climate information with the same rigour as financial information. In turn, this helps them to provide investors with decision-useful environmental and climate information via the mainstream corporate report, enhancing the efficient allocation of capital. Regulators also benefit from compliance-ready materials. Collectively, we aim to contribute to more sustainable economic, social, and environmental system. CDSB also hosts the TCFD Knowledge Hub on behalf of the Task Force on Climate-related Financial Disclosures.

The Global Reporting Initiative (GRI) is the independent international organization that helps businesses, governments and other organizations understand and communicate their impacts. The GRI Standards are the world’s most widely used for sustainability reporting.

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting. The IIRC’s vision is a world in which capital allocation and corporate behaviour are aligned to the wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking. www.integratedreporting.org

The Sustainability Accounting Standards Board (SASB) connects businesses and investors on the financial impacts of sustainability. SASB Standards enable businesses around the world to identify, manage, and communicate financially material sustainability information to investors. SASB Standards are industry-specific and are designed to be decision-useful for investors and cost-effective for companies. They are developed using a process that is evidence based and market informed. To download any of the 77 industry-specific standards, or learn more about SASB, please visit SASB.org.

The conversations between these organisations have been facilitated by the Impact Management Project (IMP), the World Economic Forum and Deloitte, who share a commitment to supporting progress towards comprehensive corporate reporting.
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