

THE POWER OF FULL DISCLOSURE: THE GLOBAL REPORTING INITIATIVE

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GRI'S CORE PREMISE (1)

We have financial indicators...we need sustainability indicators

We have financial accounting....we need sustainability accounting

We have financial reporting...we need sustainability reporting

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..to illustrate: measuring debt/equity ratio versus human capital

WHY A GENERALLY ACCEPTED REPORTING FRAMEWORK?

For the same reasons we need international financial accounting standards:

- Efficiency for reporter producers
- Credibility among report users
- Efficiency in capital markets

>>> Generally accepted does NOT mean exclusive

BUT THERE ARE DIFFERENCES: FINANCIAL VERSUS SUSTAINABILITY

- ↳ Stakeholders
- ↳ Scope
- ↳ Measurement
- ↳ Source of legitimacy
- ↳ Assurance

GRI MISSION

Elevate sustainability reporting to a level as routine as financial reporting by creating a generally accepted, international process and products

GRI: A BRIEF HISTORY

- ↳ Convened 1997 by US NGO CERES in partnership with United Nations (UNEP)
- ↳ UNEP Collaborating Centre and Global Compact collaborator
- ↳ Funded by foundations through 2002; now diversifying to corporations, multilaterals, governments, foundations
- ↳ Boston >>>> Amsterdam permanent Secretariat in Sept. 2002
- ↳ Governed by multistakeholder independent Board, with Stakeholder Council and Technical Advisory Council

EVOLUTIONARY, NOT REVOLUTIONARY

- ↳ 1930's...Financial reporting
- ↳ 1970's...Social accounting
- ↳ 1980's...Environmental reporting
- ↳ 1990's...Business reporting, non-financial reporting, "ValueReporting", Intangibles accounting
- ↳ 2000+...Sustainability reporting
- ↳ 2010 ?...Total performance reporting

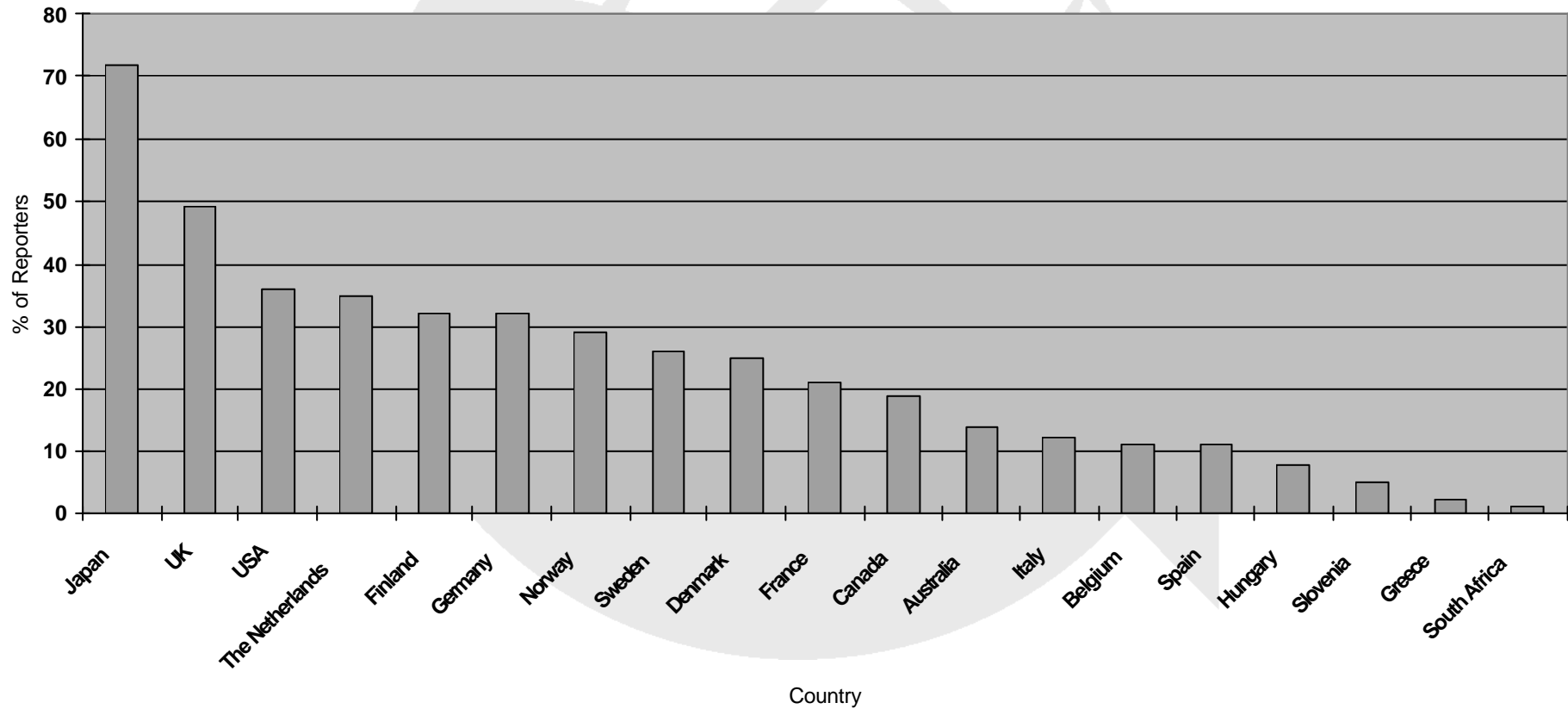
GRI: COMPLEMENTARY, BUT UNIQUE

- ↳ IS a reporting framework (Guidelines+Protocols+Sector Supplements)
- ↳ NOT a performance standard (e.g. SA 8000)
- ↳ NOT an internal management standard (e.g. ISO)
- ↳ NOT an assurance standard (e.g. AA1000S)
- ↳ NOT a code of conduct (e.g. ICC Charter, Global Compact, OECD MNC Guidelines)

REPORTING WORLDWIDE

REPORTING COMPANIES IN TOP 100 in 19 countries (2002)

Source: KPMG International Survey of Corporate Sustainability Reporting 2002



GRI SELF-DECLARED REPORTERS

(partial list) Est. Total: 200-250

ABB	Hillside Aluminum	SASOL
AT&T	Johnson & Johnson	Scandiflex
Baxter	Kirin Brewing	Shell
BHP Billiton*	KLM	Severn Trent
Bristol-Myers Squibb	Konica	SITA
British Airways	Musgrave Group*	South African Breweries
BT	Natura	Suncor Energy
Budapest Power*	NEC	Sunoco
DSM N.V.	Nike	Swedish Meats
Electrolux	Nissan	Thames Water
Endesa	Nokia	TransAlta
Eskom	Novo Nordisk	TXU Europe
Ford Motor Company	Osaka Gas	Umgeni Water
Fuji Xerox	Procter & Gamble	Vauxhall Motors Ltd
General Motors	Renfe	VAW Aluminium
GrupoNueva	Ricoh	Waste Recycling Group
	Royal & Sun Alliance	Westpac Bank
	Royal Philips	Yamatake Group

* in accordance

WORLD SUMMIT, JOHANNESBURG

↳ Final Plan of Implementation

- ↳ Article 17: “Encourage industry to improve social and environmental performance...and public reporting...taking into account such initiatives as...the Global Reporting Initiative...”
- ↳ Article 45: Commits governments to “actively promote corporate responsibility and accountability”

BUSINESS VIEW: WBCSD

“The question is not *if* a company should report but *when* it will report”

Sustainable Development Reporting: Striking the Balance, World Business Council on Sustainable Development, Draft Report, October 2002

WELCOME RECOGNITION...

- ↴ “The result of this global effort [GRI] is...the most comprehensive and credible set of sustainability performance disclosure standards ever produced”

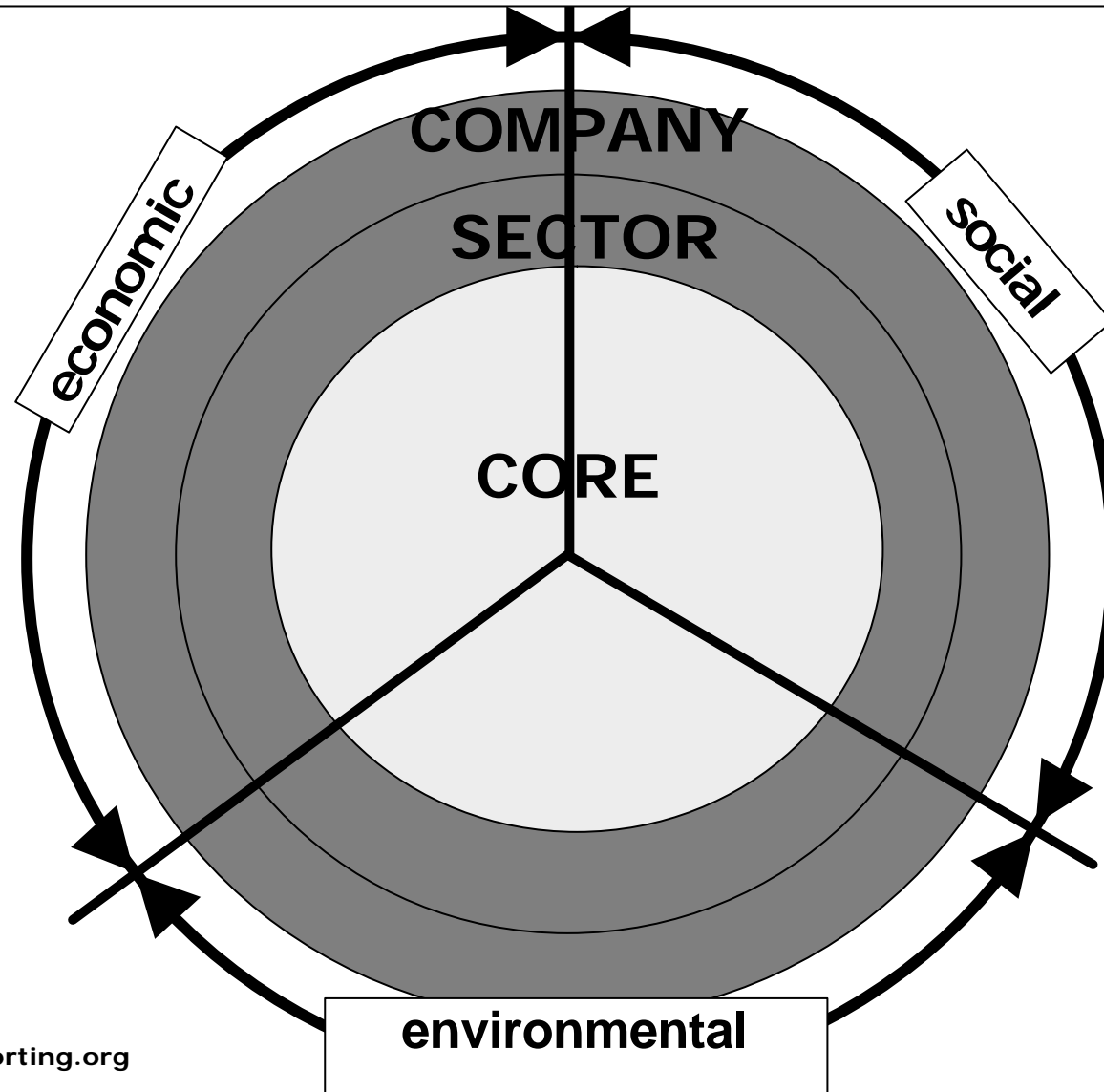
Charles O. Holliday Jr, CEO/DuPont Jr,

Stephan Schmidheiny/Chairman, ANOVA

Phillip Watts/CEO, Royal Dutch/Shell

Walking the Talk, 2002

GRI's CONCEPTUAL STRUCTURE



SECTORAL SUPPLEMENTS

↳ Pilot/in development

↳ FI- social

↳ Auto

↳ Telecom

↳ Tour operators

↳ Next phase

↳ FI-environmental

↳ Mining

↳ Pharmaceutical

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↳ Chemicals

↳ Oil/gas

↳ Retail

PIVOTAL ROLE OF FINANCIAL INSTITUTIONS

↳ As report producers

- ↳ Leading service industry
- ↳ Large employer
- ↳ Pivotal influence on capital flows—global, regional, national, local
- ↳ Accelerator/decelerator of SD

↳ As report users

- ↳ Risk management
- ↳ Portfolio formation
- ↳ Asset management

CHALLENGES IN CREATING AN FI SECTORAL SUPPLEMENT

- ↳ Harmonising work of UNEP FI EMR, EPI, SPI, FORGE and other sources
- ↳ Aligning with the foundation framework –the core *Sustainability Reporting Guidelines*
- ↳ Legitimacy within the financial community and outside among its stakeholders
- ↳ Living/dynamic process for the long-term

GRI's FI AGENDA: 2003

- ↳ Test on pilot FI-Social supplement with SPI-Finance
- ↳ Convene FI-Environmental supplement
- ↳ Collaborate with UNEP FI /others on capacity-building
- ↳ Increase number of GRI FI reporters
- ↳ Strengthen FI involvement in GRI governance and financial support

SUSTAINABILITY REPORTING: BUSINESS VALUE, SOCIAL IMPERATIVE

- ↳ "...better disclosure can [create] more long-term investors,...improved access to new capital, increased management credibility, greater management accountability, and higher share prices".

Building Public Trust: The Future of Corporate Reporting, S. DiPiazza Jr. and R. G. Eccles, 2002