"We can learn whatever we need in nature because we are part of nature. Human beings are part of Creation. We live by the same laws as all of nature".

Anne Wilson Schaef

Sustainability & the Regulatory Environment (Part-I)

As already discussed, sustainability reporting has enabled business organizations in particular and their stakeholders to better understand and communicate on the vital issues affecting performance and their common future. Both at the global and the national level, there has been an increase in sustainability reporting standards/guidelines during the past four years. Besides, a review of mandatory and voluntary sustainability reporting of various countries reveal that in the complex global environment, both international standards as well as mandatory and voluntary standards for sustainability reporting are continually evolving.

Sustainability Reporting Standards and Guidelines at the Global Level

The selected standards, codes and guidelines at the global level are as follows:

Global Reporting Initiative (GRI): The GRI provides the most recognised global standard with its framework for sustainability reporting. The GRI framework sets out the principles and indicators that

organisations can use to measure and report their economic, environmental, and social performance. The cornerstone of the framework is the Sustainability Reporting Guidelines. The third version of the Guidelines known as the G3 Guidelines was published in 2006. Other components of the framework include Sector Supplements and National Annexes. Sector specific supplements provide, amongst other things, sustainability indicators specific to the needs of sectors such as tourism, finance, telecommunications, mining, logistics, apparel and the public service. As of now, three sector supplements have been finalised, the Financial Services Sector Supplement (FSSS), the Electric Utilities Sector Supplement (EUSS), and the Mining and Metals Sector Supplement (MMSS), but a number of others are available as Pilot versions. National Annexes include unique country specific or regional sustainability issues.

GRI on 23 March, 2011 launched *G3.1 Sustainability Reporting Guidelines* which as per GRI are the most comprehensive and complete sustainability reporting guidance available today. GRI is now developing the next generation of Sustainability Reporting Guidelines – G4 which will be launched in May 2013.

The GRI plays a crucial role in sustainable development as provider of the world's most widely used sustainability reporting framework. As a network organisation, GRI provides a forum where those who take an interest in environmental, social and governance issues (ESG) and those organisations or individuals working in the Sustainability Reporting field can come together to advance the sustainability agenda. The foundations of the Reporting Framework – the GRI Guidelines – are continuously developed by the network through a multi-stakeholder consensus seeking process to which anyone can contribute.
(www.globalreporting.org)

The UN Global Compact: The UN Global Compact is the world's largest voluntary corporate citizenship initiative and provides a framework for organisations that are committed to align their operations and strategies with 10 principles in the areas of human rights, labour, the environment and anti-corruption. Once a commitment is made by the CEO of a company joining the initiative, the company has to integrate the principles into its business operations, contribute to broad development goals (including the Millennium Development Goals), advance the ideals of the UN Global Compact and communicate annually on progress. Business participants are required to submit an annual Communication on Progress (COP) on the Compact website and to share the COP widely with their stakeholders.

The COP must contain the following elements: *a statement by the CEO expressing continued support for the UN Global Compact, a description of practical actions the company has taken to implement the principles, and a measurement of outcomes.* Practical guidance is available on how to create a COP, as well as on how to use the GRI Reporting Framework in this process. *[www.unglobalcompact.org]*

UN Principles for Responsible Investment (UNPRI): UNPRI is an investor initiative in partnership with the United Nations Environment Programme (UNEP) Finance Initiative and the UN Global Compact. Launched by former UN Secretary-General Kofi Annan, the PRI is a set of voluntary best practice principles to assist investors in integrating environmental, social and corporate governance (ESG) issues into investment processes and ownership practices.

The PRI now has over 640 signatories, representing over US$20 trillion in assets. Principle six of the PRI asks each signatory to *'report on their activities and progress towards implementing the Principles'.* The PRI's annual Reporting & Assessment survey is an annual online questionnaire for PRI asset owner and investment manager signatories. The PRI is a voluntary and aspirational framework; however, participation in this survey is the one mandatory requirement for all signatories. Those signatories that do not fulfill this requirement will be publicly delisted from the initiative. PRI signatory responses are aggregated to create the annual PRI Report on Progress. Individual responses are confidential; however, signatories are encouraged to publish their full responses on the PRI website. *Principle three also encourages signatories to encourage the entities in which they invest to disclose Environment Social & Governance (ESG) issues. (www.unpri.org)*

The Organisation for Economic Co-operation and Development (OECD)

OECD Guidelines for Multinational Enterprises include Section III on "Disclosure", which encourages timely, regular, reliable and relevant disclosure on financial and non-financial performance, including environmental and social issues. The OECD Principles of Corporate Governance which were introduced in 1999 and revised in 2004 also require timely and accurate disclosure on all material matters including financial performance, ownership, and governance. *(www.oecd.org)*

The International Organisation for Standardisation (ISO) has developed more than 17,500 standards to date. Many of these standards deal with technical subjects across a multitude of sectors addressing

issues of inter-operability, safety and health. In the last 20 years ISO standards have also addressed important organisational and management aspects with such standards as the ISO 9000 series on quality management, ISO 14000 series on environmental management, ISO 22000 on food safety management, ISO 24510 standards on water supply and treatment services and the new ISO 31000 standard on risk management. In the specific area of environmental reporting and communication, ISO's environmental management standard ISO 14001 indicates that a policy for communication is required. In the context of Europe, the regulatory approach of the EMAS standard based on ISO 14001 indicates specific requirements for environmental reporting and communication. ISO 14063 gives further guidance to an organization on general principles, policy, strategy and activities relating to both internal and external environmental communication. It utilizes established communication approaches adapted to the specific conditions that exist in environmental communication. In 2010, ISO concluded a new international guidance standard on Social Responsibility (ISO 26000). The standard notes that to be accountable an organization should at appropriate intervals report significant impacts related to social responsibility to concerned stakeholders. *(www.iso.org*)

The Coalition for Environmentally Responsible Economies (CERES) Principles (previously "Valdez"), 1992 were developed by CERES following the 1989 Exxon Valdez disaster. This ten-point code of conduct also introduced specific environmental reporting guidelines. Embedded in the code of conduct was the mandate to report periodically on environmental management structures and results. A driving force behind the launch of the GRI process in 1997, CERES continues to encourage corporate environmental responsibility through working with endorsing companies on meeting their commitment and reporting along the GRI Sustainability Reporting Guidelines. *(http://ceres.org*)

The SA8000 Standard is a voluntary, universal and auditable standard for decent work conditions that was developed by Social Accountability International, a multi-stakeholder NGO initiative. The SA8000 standard is based on the core conventions of the International Labour Organisation, the United Nations Convention on the Rights of the Child, and the Universal Declaration of Human Rights.

AA1000 AccountAbility Principles Standard (AA1000APS), 2008 issued by the UK-based AccountAbility is used by organisations to develop an accountable and strategic response to sustainability, including reporting. It provides auditable criteria for each of the three principles of inclusiveness, materiality and responsiveness in the context of an AA1000AS assurance engagement. The Extractive Industries Transparency Initiative, 2003, which is based in Norway, aims to

increase transparency in transactions between governments and companies within extractive industries. It requires regular public disclosure of all material oil, gas, and mining payments made by companies to governments and revenues received by the governments from these companies. *(www.eitransparency.org)*

The Carbon Disclosure Project (CDP) is an organisation based in the United Kingdom that works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations. Its mission is to "collect and distribute high quality information that motivates investors, corporations and governments to take action to prevent dangerous climate change." The CDP represents 475 institutional investors, with a combined $55 trillion under management. Through annual climate change information requests CDP seeks to encourage private and public sector organisations to measure, manage and reduce emissions and climate change impacts. The information is readily available to investors and stakeholders. *(www.cdproject.net)*

Do you have the patience to wait till your mud settles and the water is clear?
Can you remain unmoving till the right action arises by itself?

Lao-Tzu