

# *A new era of* corporate disclosure

*Eric Hespenheide*, interim Chief Executive of GRI, explains why widely accessible digital data on sustainability performance will transform corporate disclosure by providing powerful new tools for decision-making.

**We are on** the cusp of a new era: the way we capture, analyze and use sustainability data is about to be transformed. We are moving from an era where sustainability information is collected and reported, to one in which stakeholders – including companies themselves – use this information to learn more about their organizations, their risks and opportunities, and to make better decisions.

Over the past decade, we have seen a dramatic increase in the number of companies measuring their sustainability performance; there are now several thousand organizations monitoring these impacts and reporting on them every year. While the increasing number of disclosures is certainly a welcome trend, we must ensure that both the quality and utility of that information remains a key focus of reporting. Well-designed, quality data should be at the heart of the strategic decision-making process, and this can lead us toward a more sustainable economy and world.

In response to a wide range of global social and environmental challenges, the international community has increased its efforts toward creating a more sustainable world. In 2015, it took two major steps forward: the launch of the United Nations Sustainable Development Goals and the Paris Climate Change agreement. These are important principles with international support but, as with any principles-based approach, they are simply “pledges” until they come into action and are measured with actual data and information to demonstrate real progress toward these goals. That is the value of reporting, and with

these global goals, sustainability data has become more important than ever before.

This is reflected in GRI’s Sustainability and Reporting 2025 trends analysis, which estimates that digital data on sustainability will be the main tool guiding our efforts to tackle the immense issues of the social and environmental agenda such as climate change, human rights, ecosystems protection and waste management. Society expects companies and governments to produce and share almost real-time data across open platforms, which includes information on their supply chain partners and also offers an overview of total impacts by region. This data will be easy to access and analyze.

The main findings of our analysis indicate a number of expected changes for sustainability disclosures over the next 10 years:

- ▶ New format and multiple information sources: There will be a formal shift from annual reporting to the frequent exchange of sustainability data.
- ▶ New content, new focus: This will move toward the macro challenges faced by society and will put the supply chain in the spotlight.
- ▶ New role for stakeholders empowered by information: There will be almost real-time interactions through various channels.

Organizations such as GRI are beginning to take this leadership approach and turn it into action. One of the highlights at this year’s fifth GRI Global Conference in Amsterdam was the focus on data and technology, and how this is a critical part of the future of reporting. In 2015, GRI embarked on a new technology strategy that includes three main components:

Comment



**1) Convening leaders to discuss the future of sustainability, technology and data**

The GRI Technology Consortium brings together more than 30 technology leaders who share the common goal of creating innovations from data and bringing the sustainability movement into the digital age. The consortium highlights current and future solutions that use sustainability data to enhance decision-making for both business and government, and provides recommendations for the public regarding sustainability, technology and data.

**2) Turning ideas into action**

We are creating a sustainability data platform to both liberate the data from reports and digitize the reporting process. The GRI Digital Reporting Alliance brings together a group of companies working on two projects: creating the technical infrastructure and platform for digital reporting, and accelerating the demand for it.

**3) Planning for the future**

Our focus is on innovation and collaboration among private and public sector organizations toward new uses of sustainability data and information.

We have worked for nearly 20 years to help businesses and other organizations to identify, measure and communicate their impacts on a wide range of sustainability issues. Today, we also work to help businesses and their stakeholders use this data to empower sustainable decisions.

But it all relies on open, public standards as the foundation for business and policy decisions.



**PROFILE**

Eric Hespeneide is interim Chief Executive of GRI (the Global Reporting Initiative) and serves on the GRI Board of Directors. He previously chaired the Global Sustainability Standards Board. Prior to retiring in 2013, he led Deloitte's global sustainability reporting and assurance practice for a number of years. In addition to GRI-related activities, he is the Chair of the American Institute of

Certified Public Accountants Sustainability Assurance and Advisory Task Force, a member of the Institute of Internal Auditors Global Advocacy Committee and serves on the Dean's Advisory Committee at Louisiana State University and the University of Detroit Mercy. He previously served on the Working Group of the International Integrated Reporting Council during the development of the <IR> Framework.

Standards have been the architecture of every data revolution in history, and it is no different for the information revolution facing the reporting world today. This is why GRI (through the Global Sustainability Standards Board) is so focused on ensuring the development of our sustainability standards, and ensuring that they continue to be offered for free, as a public good, so they can be integrated into other frameworks, standards and approaches. These are all necessary approaches to ensure that sustainability information is more than just reported, but also becomes a key factor in all business and policy decisions. And isn't that what reporting is all about? ■

Published September 2016

EY | Assurance | Tax | Transactions | Advisory

### **About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://ey.com).

### **About Reporting**

*Reporting* magazine brings together insights and ideas that will interest, inform and inspire business leaders. It's about more than the numbers, examining reporting in its broadest sense. This EY Global Assurance magazine is available online, in print and as an app, and is tailored for board members, audit committee chairs and finance directors of global companies. For more information, visit [ey.com/reporting](https://ey.com/reporting).

© 2016 EYGM Limited.  
All Rights Reserved.  
EYG no: 02701-162GBL  
ED 0917

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

The views of third parties set out in this publication are not necessarily the views of the global EY organization or its member firms. Moreover, they should be seen in the context of the time they were made.

**[ey.com](https://ey.com)**