# Exclusive Interview

"The growing importance of sustainability reporting means that accountants also need to deepen their skillsets, as assurers not only of financial information but also of sustainability reporting"

## Mr. Eelco van der Enden
**CEO, Global Reporting Initiative (GRI)**

**ICMA: What is GRI's role in promoting sustainability reporting, and how does it relate to IFRS S1 and S2?**

**Eelco van der Enden:** For more than 25 years, GRI has pioneered sustainability reporting, setting the standard for the way that organizations can communicate their impacts on people and planet. Today, the GRI Standards are voluntarily used by most major companies around the world, including 78% of the world's largest firms. In Pakistan, 84% of the top 100 companies produce a sustainability report, according to a KPMG survey, with GRI the most widely used standard. This is something to be celebrated!

Over the past 18 months, GRI and the IFRS Foundation have been working together under a Memorandum of Understanding to ensure the new IFRS-S1 and S2 standards are aligned and complementary with GRI's existing and established global standards for impacts. Under this agreement, GRI's independent Global Sustainability Standards Board (GSSB) and the IFRS' International Sustainability Standards Board (ISSB) have been working together in recognition of the need for globally consistent sustainability data, through corporate reporting that meets the information needs of all stakeholders. Our respective standards have distinct yet complementary purposes; with GRI and the GSSB ensuring transparency on an organizations' impacts on people and planet, while IFRS and the ISSB is focused on supporting efficient and resilient capital markets. Taken together, I believe our standards can provide the complete picture on sustainability impacts and performance.

**ICMA: How can organizations balance compliance with GRI's sustainability standards and financial reporting standards?**

**Eelco van der Enden:** A key component of the GRI-IFRS MoU is recognition that there are two equal and interconnected sustainability reporting approaches, as part of a comprehensive corporate reporting regime. Crucially, this means that both financial and sustainability reporting are of equal importance:

- Sustainability-related financial reporting, as supported by the ISSB, is about disclosing information for investors and capital markets, on the sustainability-related risks and opportunities for the company.
- Impact reporting, the focus of GRI, means reporting to a wide range of stakeholders information on an organization's most significant impacts on the economy, environment and people, and how these impacts are managed.

Alignment of these two approaches is in the interests of reporting companies, investors and many other stakeholders. It's essential if we are to reduce the reporting burden for companies and further harmonize the sustainability reporting landscape at an international level.

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**ICMA: What collaborative efforts are underway between GRI and financial standard-setting bodies like IASB or IOSCO?**

**Eelco van der Enden:** GRI welcomes engagement with IOSCO to explore how identifying and reporting an organization's most significant impacts can become an integral part of identifying an organization's sustainability-related risks and opportunities under a financial materiality lens, as well as the importance for investors to have access to information on an organization's full set of significant impacts

**ICMA: What trends do you see in the future of sustainability reporting, especially in the context of sustainable finance?**

**Eelco van der Enden:** We firmly believe that, for reporting on sustainability issues to be effective, it has to be built on a two-pillar corporate reporting structure, with financial and sustainability disclosures on an equal footing. As well as our collaboration with the IFRS Foundation, GRI is also closely engaging on this aim with the European Financial Reporting Advisory Group (EFRAG), the body mandated to deliver the new European Sustainability Reporting (ESRS) Standards, which are set to become mandatory from next year for large and listed companies operating in the EU. As communicated in September, there is close interoperability between the GRI Standards and ESRS. What the ESRS signals is a growing shift in global markets towards mandatory requirements for impact reporting.

**ICMA: How does technology impact the quality and accessibility of sustainability data, and what is GRI doing in this area?**

**Eelco van der Enden:** ESG technology have a huge part to play in the way in which companies increase the accessibility of the sustainability data they disclose. Increasingly, given regulatory pressures and stakeholder expectations, we can expect companies to move well beyond traditional reports with more transparent reporting that is empowered by the use of digital tools.

GRI has a growing Licensing Program that ensures ESG software providers are able to accurately incorporate the GRI Standards, drawing on the best practice principles at the heart of the Standards, all the while preserving the integrity of GRI's intellectual property.

**ICMA: What is GRI's role in making sustainability reporting more accessible for organizations?**

**Eelco van der Enden:** Our role has always been to help businesses, governments and other organizations understand and communicate their impacts, on crucial and pervasive sustainability challenges as diverse as climate change, human rights and corruption. As the adoption of our standards continues to grow, we are encouraging businesses to provide internationally comparable and comprehensive sustainability reporting, which meets the needs of all stakeholders.

A recent development at GRI is the role out of Sector Standards, which seek to drive up the quality and consistency of reporting within sectors, starting with those that the highest impacts on sustainable development. To date, we have published Sector Standards for oil and gas, coal, agriculture, aquaculture and fishing - while a Mining Standard will publish in early 2024.

**ICMA: What challenges do businesses commonly face when aligning sustainability reporting with financial reporting?**

**Eelco van der Enden:** The biggest challenge has probably been that financial reporting is largely mandatory and sustainability reporting has been voluntary. Yet, as I've mentioned in Europe with the advent of the Corporate Sustainability Reporting Directive, that is starting to change. The growing importance of sustainability reporting means that accountants also need to deepen their skillsets, as assurers not only of financial information but also of sustainability reporting.

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**ICMA: How does GRI collaborate with regulators and stock exchanges to promote sustainability disclosure?**

**Eelco van der Enden:** Resilient and responsible markets begin with transparency. Many market regulators now promote some level of ESG disclosure by companies listed on their exchanges, not just to foster transparency for better-functioning markets, but also to promote good corporate governance and encourage organizations to play their part in contributing to sustainable development.

GRI collaborates with numerous market regulators and operators, including the Sustainable Stock Exchanges (SSE) initiative, Ceres's Investor Network on Climate Risk (INCR), the Sustainable Working Group of the World Federation of Exchanges (WFE), and Principles for Responsible Investment (UN-PRI), increasing the uptake of sustainability reporting and helping reporting organizations meet investors' needs for ESG information. We also work with stock exchanges around the world, in areas such as capacity building and training and creating ESG guidance for companies.

**ICMA: What's the most crucial aspect of GRI's work for companies and investors?**

**Eelco van der Enden:** At the heart of our mission is to help organizations be transparent and take responsibility for their impacts so that together we can create a sustainable future. That may sound idealistic but, practically, it's about the way in which organizations commit to communicating about their impacts in a 'common language' - as supported by the GRI Standards, which in turn enables informed dialogue and decision making. Companies, investors, governments, communities, civil society and other stakeholders all stand to benefit when corporate impacts are effectively understood, communicated and addressed.

**ICMA: What advice would you give to professionals navigating the evolving landscape of sustainability disclosure?**

**Eelco van der Enden:** Firstly, sustainability reporting is about data management. Having in place internal reporting and monitoring systems that can track data, including financial data.

Second, educate yourself on the sustainability landscape and standards and get GRI professional certification. Accountants, with their extensive skills and training, are well placed to bring sustainability issues into the established financial reporting structure, as they can show clear links between sustainability and financial and other performance.

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Third, 'comply or explain', you must dare to report on the things that do not go well and our standards at GRI mean that if you're unsure about how to report on certain areas, then it's better to explain why not.

Fourth, make a plan, stick to that plan, be diligent and also accept that things will not always go smoothly every time!

*The Editorial Board thanks **Mr. Eelco van der Enden, CEO, Global Reporting Initiative (GRI)** for sparing from his precious time to give exclusive interview for Chartered Management Accountant Journal.*