In order to assure the quality of sustainability reporting and facilitate the efficient creation of comparable reports, it is necessary to have robust reporting standards that can be applied in a global economy in which the operational activities and reporting responsibilities of companies transcend national borders. International organizations, such as the United Nations; regional organizations, such as the European Union; and stock exchanges and independent organizations, such as the Global Reporting Initiative (“GRI”), have all been involved in the development and implementation of key international initiatives on sustainability reporting. Many of these initiatives take the form of national policies and instruments that incorporate elements of international or corporate social responsibility reporting frameworks. There are a variety of frameworks and tools that organizations can leverage in order to develop their sustainability strategies and reporting processes. Many of these take a comprehensive approach and have achieved international recognition including the GRI Standards, which are referenced in government or market instruments in dozens of countries around the world, the UN Global Compact, OECD Guidelines for Multinational Enterprises and the ISO 26000 Guidance Standard on Social Responsibility. Adding to the complexity is the emergence of sector-specific performance measurement and reporting frameworks, such as the GRESB for assessing ESG performance in the global commercial real estate sector. Several of the more recognized sustainability reporting frameworks and instruments are briefly introduced in this chapter.
There are a variety of frameworks and tools that organizations can leverage in order to develop their sustainability strategies and reporting processes. Many of these take a comprehensive approach and have achieved international recognition. In addition, companies can turn to standards that are focused on single issues such as greenhouse gas emissions, climate change or the impacts of business activity on forests. It has been noted that distinctions can be made among normative, management and reporting frameworks with respect to sustainability strategies and reporting. For example, the UN Global Compact principles and the OECD Guidelines provide normative frameworks to help companies shape their sustainability vision and management approach, as well as to measure their impacts. ISO 26000 is an example of a management standard that organizations can use with respect to their corporate social responsibility strategies, processes and activities. The reporting perspective is represented by the GRI’s Sustainability Reporting Standards, which provide organizations with disclosure items and metrics that align with the most important international normative frameworks. Adding to the complexity is the emergence of sector-specific performance measurement and reporting frameworks, such as the GRESB for assessing ESG performance in the global commercial real estate sector. In addition, companies operating in specific sectors must take into account recommendations of sectoral trade associations, such as the guidance on reporting and communications discussed elsewhere in this publication provided by Finnish Textile & Fashion, the central organization for textile, clothing and fashion companies in Finland. Several of the more recognized sustainability reporting frameworks and instruments are briefly introduced in the following sections.

**Global Reporting Initiative (“GRI”) Standards**

The Global Reporting Initiative (“GRI”) (www.globalreporting.org) was founded in 1997 by the Coalition for Environmentally Responsible Economics (“CERES”) in Boston, Massachusetts to develop a standardized sustainability reporting framework that would effectively capture and describe the sustainability activities that transpire in the economic, environmental, and social aspects of organizational operations. The goal of the GRI has been to serve as a multi-stakeholder developed international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. In so doing, reporting enterprises can

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2 Id. at 25.


make better decisions regarding the actions that should be taken towards a more sustainable economy and world. The Global Sustainability Standards Board (“GSSB”) issues and maintains the GRI reporting standards for organizations to use in their “sustainability reporting”, described by the GSSB as “an organization’s practice of reporting publicly on its economic, environmental, and/or social impacts, and hence its contributions—positive or negative—towards the goal of sustainable development”.

When it was formed, the GRI was one of the pioneers of sustainability reporting. Since then, the GRI has been a primary driver of transforming sustainability reporting from a niche practice to one now adopted by a growing majority of organizations. The GRI’s standards are the world’s most widely used with respect to sustainability reporting and disclosure and are available for use by public agencies, firms and other organizations wishing to understand and communicate aspects of their economic, environmental and social performance. The GRI’s reporting standards are based on widely recognized international norms and normative frameworks on sustainability such as the UN Guiding Principles on Business and Human Rights, the ILO Conventions, the UN Global Compact Ten Principles, and the OECD Guidelines for Multinational Enterprises.

In 1999, soon after its formation, the GRI entered into a partnership with the United Nations Environment Programme, and released the first two generations of official sustainability reporting guidelines in 2000 and 2002, respectively. The GRI moved its headquarters to Amsterdam in 2002 and released a third generation of guidelines (“G3”) in 2006 following a substantial amount of industry and professional feedback that, among other things, led to the inclusion of a set of sector supplements. The G3 guidelines laid down four fundamental principles for companies to follow when defining the content of their sustainability reports: materiality (i.e., the report should cover topics that reflect the company’s significant economic, environmental and social impacts), stakeholder inclusiveness (i.e., the report should identify the company’s stakeholders and explain how the company has responded to their reasonable expectations and interests), sustainability context (i.e., performance should be explained in the wider context of sustainability), and completeness (i.e., the report should cover material topics and their boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess organizational performance).

The fourth generation of guidelines (“G4”) was issued by the GRI in 2013 and was intended, at least in part, to address concerns that had been raised in some quarters regarding the sheer weight of the metrics involved in the previous reporting framework and represented an effort to return to certain core principles of reporting such as materiality. The GRI guidelines described in detail in another chapter of this publication, generally referred to as the “GRI Standards”, are the latest version of the GRI’s sustainability reporting framework that were published, following extensive consultation, in October 2016 and formally went into effect for reports and other materials published

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on or after July 1, 2018. Reporting is required in three categories: economic (e.g., economic performance, indirect economic impacts, procurement practices etc.); environmental (e.g., materials, energy, water, transport, environmental grievance mechanisms etc.); and social, which includes labor practices and decent work (e.g., employment, occupational health and safety, training and education etc.), human rights (e.g., non-discrimination, forced or compulsory labor, indigenous rights etc.), society (e.g., local communities etc.) and product responsibility (e.g., customer health and safety, product and service labeling, customer privacy etc.). The GRI Standards include universal reporting principles, guidance on reporting contextual information about an organization and its sustainability reporting practices and guidance on reporting how an organization manages a material reporting topic and each topic comes with its own specific requirements, recommendations and guidance. The GRI is not a rating agency, does not monitor whether a particular organization has correctly applied its guidelines, and does not provide any certifications.

**International Integrated Reporting Framework**

The International Integrated Reporting Council, or “IIRC”, (www.theiirc.org) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs dedicated to promoting communications about value creation as the next step in the evolution of corporate reporting. The IIRC, which was founded in August 2010, released its International Integrated Reporting Framework in December 2013 as a guide that companies could use to describe how their governance structure creates value in the short, medium and long term; supports decision making that takes into account risks and includes mechanisms for addressing ethical issues; exceeds legal requirements; and ensures that the culture, ethics and values of the company are reflected in its use of and effects on the company’s “capitals” (described to include financial, manufactured, intellectual, human, social and relationship, and natural (i.e., the environment and natural resources) forms of value) and stakeholder relationships.

The IRRC Framework was aimed primarily at producing information for long-term investors and providing companies with guiding principles and content elements that would govern the content of their integrated reports. The executive summary to the Framework explained that the drafters had taken a principles-based approach with the intent to strike an appropriate balance between flexibility and prescription that recognized

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6 The GRI Standards replaced the G4 guidelines; however, the GRI explained that the transition for organizations that had previously used the G4 guidelines should be smooth since the main content, concepts and requirements did not change and the most significant changes occurred with respect to structure and format. For more information, see the “Transition to Standards” page on the GRI website and “From Guidelines to Standards: Implication of the GRI Transition” (BSR Sustainability Matters Webinar, December 2016).


the wide variation in individual circumstances of different organizations while enabling a sufficient degree of comparability across organizations to meet relevant information needs. According to the executive summary, the following guiding principles underpin the preparation of an integrated report, informing the content of the report and how information is presented\textsuperscript{10}:

- Strategic focus and future orientation: An integrated report should provide insight into the organization’s strategy, and how it relates to the organization’s ability to create value in the short, medium and long term, and to its use of and effects on the capitals
- Connectivity of information: An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization’s ability to create value over time
- Stakeholder relationships: An integrated report should provide insight into the nature and quality of the organization’s relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests
- Materiality: An integrated report should disclose information about matters that substantively affect the organization’s ability to create value over the short, medium and long term
- Conciseness: An integrated report should be concise
- Reliability and completeness: An integrated report should include all material matters, both positive and negative, in a balanced way and without material error
- Consistency and comparability: The information in an integrated report should be presented: (a) on a basis that is consistent over time; and (b) in a way that enables comparison with other organizations to the extent it is material to the organization’s own ability to create value over time.

In addition, the executive summary to the Framework explained that reports should include the following content elements, each of which are fundamentally linked to each other and are not mutually exclusive\textsuperscript{11}:

- Organizational overview and external environment: What does the organization do and what are the circumstances under which it operates?
- Governance: How does the organization’s governance structure support its ability to create value in the short, medium and long term?
- Business model: What is the organization’s business model?
- Risks and opportunities: What are the specific risks and opportunities that affect the organization’s ability to create value over the short, medium and long-term, and how is the organization dealing with them?
- Strategy and resource allocation: Where does the organization want to go and how does it intend to get there?

\textsuperscript{10} Id. at 5.
\textsuperscript{11} Id.
- Performance: To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?
- Outlook: What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?
- Basis of presentation: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?

**Sustainability Accounting Standards Board**

The Sustainability Accounting Standards Board (“SASB”) (www.sasb.org) is a US-based independent standards-setting organization for sustainability accounting standards that was incorporated in July 2011 to meet the needs of investors by fostering high-quality disclosure of material sustainability information. The SASB has established industry-based sustainability standards for the recognition and disclosure of material environmental, social and governance impacts by companies traded on U.S. exchanges. The standards focus on known trends and uncertainties that are reasonably likely to affect the financial condition or operating performance of a company and therefore would be considered material under mandatory disclosure requirements, such as Regulation S-K applicable to disclosures made by US reporting companies in the public filings with the Securities and Exchange Commission (“SEC”). The SASB is an ANSI accredited standards developer; however, it is not affiliated with FASB, GASB, IASB or any other accounting standards board. SASB standards do not include a scoring system, instead the focus is on providing companies with a standardized methodology that can be deployed when reporting sustainability performance through their regular regulatory reporting to the SEC on Forms 10-K and 10-Q (i.e., an “integrated reporting” approach as opposed to separate non-financial reports). SASB’s standards enable comparison of peer performance and benchmarking within an industry and the SASB has gathered the support of Bloomberg LP and the Rockefeller Foundation.

The SASB publishes the SASB Implementation Guide for Companies that provides the structure and the key considerations for companies seeking to implement sustainability accounting standards within their existing business functions and processes. The Guide helps companies to select sustainability topics; assess the current state of disclosure and management; embed SASB standards into financial reporting and management processes; support disclosure and management with internal control; and present information for disclosure. The SASB’s online resource library also includes annual reports on the state of disclosure, industry briefs and standards and guidance on stakeholder engagement. Companies should monitor CSR disclosures by their peers and the SASB library has examples of disclosures made by companies in annual reports filed with the SEC on Forms 10-K, 8-K etc. Companies can also follow the reporting practices of competitors by reviewing sustainability reported registered with the GRI.

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The SASB is involved in establishing industry standards for sustainability disclosure and reporting and has explained that the decision regarding whether a particular sustainability topic warrants an industry standard are made on the basis of several factors including the potential to affect corporate value, investor interest, relevance across an industry, actionability by companies (i.e., whether individual companies are in a position to control or influence actions with respect to a particular topic and whether there is consensus among companies and investors that a disclosure topic is reasonably likely to constitute material information for most companies in the industry. As of 2018, the SASB had established and was currently maintaining provisional sustainability accounting standards for 79 industries across 11 sectors and companies should refer to the standards applicable to their business operations to identify and understand the relevant disclosure topics.\(^\text{13}\)

**International Standards of Accounting and Reporting**

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (“ISAR”), which is hosted by the United Nations Conference on Trade and Development (“UNCTAD”), has issued a series of reports relating to non-financing reporting that provide guidance to companies on environmental accounting and reporting, corporate governance disclosure and corporate responsibility reporting in annual reports. ISAR assists developing countries and economies in transition in the implementation of best practices for accounting and corporate governance with the goal of enhancing the investment climate in those countries and economies and promoting sustainable development.

**British Standard on Sustainability Management, BS 8900**

The British Standard on Sustainability Management, referred to as “BS 8900”, was first published in May 2006 by BSI (www.bsigroup.com) for use in independently auditing, verifying and certifying an organization’s sustainable development strategy and a fully revised version was issued in August 2013. Part I of BS 8900 contains guidance on principles of sustainable development such as inclusivity, integrity, stewardship and transparency and how those principles can be embedded in organizations. Part II of BS 8900 sets out the framework for assessing an organization’s approach to sustainable development. The drafters of BS 8900 emphasized that it was not designed to duplicate existing management systems specifications, such as ISO 9001 or ISO 14001, but was intended to optimize the value of existing approaches. BS 8900 was developed for the consultants and managers responsible for sustainability within an organization, including the CEO and senior executives responsible for sustainability, compliance, corporate social responsibility, and environment.

**European Union Non-Financial Reporting Directive**

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\(^\text{13}\) See Sustainability Accounting Standards Board, Disclosure Topics Tables (July 11, 2017).
Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups was adopted by the EU in December 2014 and countries were required to transpose the rules stemming from the Directive into national law by December 2016, meaning that the prescribed non-financial information first appeared in a report prepared for the 2017 financial year. The Directive applies to public-interest entities (“PIEs”) in the European Union with more than 500 employees and requires them to include in their management report (or in a separate report if the required information already appears in that report) a non-financial statement containing information on their policies, main risks and outcomes related to, at a minimum, environmental matters, social and employee aspects, respect for human rights, anticorruption and bribery issues. Companies are required to include a brief description of their business model, a description of their policies in relation to the non-financial matters and the outcome of these policies and a description of the principal risks relating to non-financial matters and how the company manages those risks. If a company does not pursue policies in relation to one or more of the non-financial matters listed above, it must give a clear and reasoned explanation for not doing so; however, companies are allowed not to disclose commercially sensitive information under certain circumstances.

In addition, the Directive requires PIEs listed on an EU regulated markets to provide information as part of their corporate governance statement on their diversity policy applied to their administrative, supervisory and management bodies (e.g., age, gender and educational and professional background).

When reporting, companies are allowed to refer to a number of different reporting standards including the Eco-Management and Audit Scheme and international reporting frameworks such as the GRI, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, ISO 26000 and the International Labour Organisation’s Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. In addition, in June 2017 the European Commission published its Guidelines on Non-Financial Reporting (Methodology for Reporting Non-Financial Information (2017/C 215/01)) to help companies disclose environmental and social information. These guidelines are not mandatory and companies may decide to use international, European or national guidelines according to their own characteristics or business environment. This is

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15 The definition of PIEs in the Directive covers listed companies, banks, insurance undertakings and other companies that are so designated by Member States, and some of the Member States have extended the scope of coverage beyond that required in the Directive to include entities such hospitals and even municipalities. The European Commission estimated that the reporting requirements would initially apply to more than 6,000 entities across the EU.

16 Disclosures regarding the diversity policy need to set out the objectives of the policy, how it was implemented and the results. If a company does not have a diversity policy it needs to explain why.


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important given that country-specific implementations of the Directive are not uniform and companies conducting business across the EU will likely need to address and comply with multiple non-financial reporting frameworks including requirements that had been imposed prior to the adoption and implementation of the Directive.

**Group Friends of Paragraph 47**

The Group of Friends of Paragraph 47 is a government-led initiative formed by a group of 10 countries in June 2012 following the acknowledgement of the importance of corporate sustainability reporting in Paragraph 47 of the outcome document of the United Nations Conference on Sustainable Development (Rio+20).\(^{18}\) The Group’s charter, which was published on November 7, 2012, included the following key points:\(^{19}\):

- The recognition that governments have a primary role to play in moving society towards a sustainable model of development, given their access to soft and hard instruments that can positively influence corporate behavior
- The intention to bring governments and other stakeholders together to develop best practice examples of policy and regulation for promoting corporate sustainability reporting
- That corporate sustainability reporting should become a widespread practice to allow for a transparent, well-functioning market economy and for the private sector to contribute to sustainable development
- To promote the use of, and build upon, existing and widely used sustainability reporting guidance, such as principles, indicators, and frameworks
- Developing countries and small and medium enterprises will be given particular attention in progressing on sustainability reporting if needed

**Sustainable Stock Exchange Initiatives**

The Sustainable Stock Exchanges (“SSE”) initiative was organized and launched in 2009 as a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency—and ultimately performance—on ESG (environmental, social and corporate governance) issues and encourage sustainable investment.\(^{20}\) Since the inception of the SSE, nearly all major stock exchanges worldwide from both developed and developing countries have made a public commitment to sustainability in their markets by becoming SSE Partner Exchanges, and in September 2015 the SSE launched its Model Guidance for exchanges.

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\(^{18}\) Carrots & Sticks: Global Trends in Sustainability Reporting Regulation and Policy (KPMG International, the Global Research Initiative (“GRI”), the United Nations Environment Programme (“UNEP”) and the Centre for Corporate Governance in Africa, 2016), available at www.carrotsandsticks.net, 24. The founding group included the governments of Argentina, Austria, Brazil, Chile, Colombia, Denmark, France, Norway, South Africa and Switzerland, and the UN Environment Programme and the Global Reporting Initiative provided support in a secretariat capacity.

\(^{19}\) Id.

\(^{20}\) Id. The SSE was organized by the UN Conference on Trade and Development, the UN Global Compact, the UN Environment Programme Finance Initiative and the Principles for Responsible Investment.
on sustainability reporting. Since that time, the Model Guidance has been a catalyst for exchanges to being providing guidance to their listed companies on reporting of ESG information. Exchanges can also take advantage of the recommendations provided by the World Federation of Exchanges based on the Model Guidance on how to implement their own sustainability policies, which include material ESG performance metrics which exchanges can incorporate into disclosure guidance to companies listed on their market.\(^\text{21}\)

**Dow Jones Sustainability Indexes**

The Dow Jones Sustainability Index includes the top 10% of the 2,500 largest companies in the S&P Global Broad Market Index based on their Sustainability Score as determined through the Corporate Sustainability Assessment, which takes into account performance vis-à-vis peers and media and stakeholder analysis. Scoring is based on industry-specific criteria considered by investors to be material, with equal balance being given to economic, social and environmental indicators. The Index has been consistently recognized as being among the most credible sustainability rating protocols.

**Business and SDGs: SDG Compass and the 12.6 Tracker**

The GRI, the UN Global Compact and the World Business Council for Sustainable Development collaborated to create the SDG Compass as a guide to help businesses understand and contribute to the Sustainable Development Goals ("SDGs") adopted in September 2015 by the 2030 Agenda for Sustainable Development. The 12.6 Tracker, a collaborative effort between the GRI and Tata Consultancy Services, is a database that governments can use to understand the status of sustainability reporting in their countries and track progress toward SDG Goal 12.6, which encourages companies to integrate sustainability information into their reporting cycles.\(^\text{22}\)

**United Nations Global Compact**

The United Nations Global Compact ("UNGC") has been described as the largest policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption derived from UN Declarations and Conventions.\(^\text{23}\) UNGC signatories are required to issue an annual Communication on Progress ("COP"), which is a public disclosure to their stakeholders on progress made in implementing the ten principles. Failure to issue a COP can result in a signatory’s status being changed to “non-communicating”, and can eventually lead to expulsion.\(^\text{24}\)

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\(^\text{21}\) Id.


\(^\text{24}\) Id. at 26.
OECD Guidelines for Multinational Enterprises

The OECD Guidelines provide recommendations for responsible business conduct in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation.\textsuperscript{25}

ISO 26000

ISO 26000:2010 provides guidance to all types of organizations, regardless of their size or location, on concepts, terms and definitions related to social responsibility; the background, trends and characteristics of social responsibility; principles and practices relating to social responsibility; the core subjects and issues of social responsibility; integrating, implementing and promoting socially responsible behavior throughout the organization and, through its policies and practices, within its sphere of influence; identifying and engaging with stakeholders; and communicating commitments, performance and other information related to social responsibility. ISO 26000:2010 is intended to assist organizations in contributing to sustainable development; however, it is not a management system standard and is not intended or appropriate for certification purposes or regulatory or contractual use.\textsuperscript{26} Although ISO 26000:2010 is primarily a guidance standard on how business and organizations can operate in a socially responsible way, it does call on organizations to, at appropriate intervals, report about its performance on social responsibility to the stakeholders affected, which would mean reporting on each of the “core subjects” defined and described in ISO 26000:2010: organizational governance; human rights; labor practices; the environment; fair operating practices; consumer issues; and community involvement and development.\textsuperscript{27}

CDP (Carbon Disclosure Project)

The CDP, formerly the Carbon Disclosure Project (“CDP”) (www.cdp.net), provides a global reporting system that collects information from the world’s largest organizations on their climate change risks, opportunities, strategies and performance, and the way in which they consume and affect natural resources including water and forests. The CDP has built the most comprehensive collection of self-reported environmental data in the world and has been praised as a catalyst for driving thousands of companies and cities across the world’s largest economies to measure and disclose their greenhouse gas emissions, climate change risk and water strategies.\textsuperscript{28} The CDP operates through various

\textsuperscript{25} Id.
\textsuperscript{28} Id.
programs focusing on relevant areas such as climate change, water, supply chain, forests and cities, and has spearheaded a carbon action initiative to encourage acceleration of carbon reduction in high emitting industries and implementation of emissions reducing projects that generate positive return on investment. CDP scores companies and other types of reporting organizations (e.g., cities, government agencies, NGOs and supply chains) on disclosure and performance and has recognized top scoring organizations in the Carbon Disclosure Leadership Index. Backed by all of the largest institutional investors around the world, the CDOP has been consistently recognized as being among the world’s most credible sustainability rating protocols.

**Greenhouse Gas Protocol (GHG Protocol) Corporate Standard**

The Greenhouse Gas Protocol (“GHG Protocol”) (www.ghgprotocol.org), a decade-long partnership between the World Resources Institute (“WRI”) and the World Business Council for Sustainable Development (“WBCSD”), is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. The GHG Protocol provides the accounting framework for nearly every GHG standard and program in the world—from the International Standards Organization to The Climate Registry—as well as hundreds of GHG inventories prepared by individual companies. The GHG Protocol includes several different standards suitable for use by companies, organizations, communities, cities and countries. For example, the GHG Protocol Corporate Accounting and Reporting Standard was intended to provide requirements and guidance for companies and other organizations, such as NGOs, government agencies and universities, that are preparing a corporate-level GHG emissions inventory. The Product Standard can be used to understand the full life cycle emissions of a product and focus efforts on the greatest GHG reduction opportunities, thus making a significant contribution towards the design and commercialization of more sustainable products. The Corporate Value Chain (Scope 3) Standard allows companies to assess their entire value chain emissions impact and identify where to focus their resources on reduction activities.

**ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy**

The International Labour Organization (“ILO”) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy are intended to serve as guidelines to multi-national enterprises, governments, and employers’ and workers’ organizations in such areas as employment, training, conditions of work and life, and industrial relations. The ILO has also promulgated certain baseline standards for labor, referred to as the Core Labor Standards, which have become widely accepted as customary international law and include freedom of association and the right to collective

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29 Id.
30 http://ghgprotocol.org/standards
bargaining; the elimination of forced and compulsory labor; the abolition of child labor; and the elimination of discrimination in the workplace.  

**UN Guiding Principles on Business and Human Rights**

The “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework” were endorsed by the UN Human Rights Council in 2011 and include guiding principles on, among other things, the role of business enterprises as specialized organs of society performing specialized functions and their duties to comply with all applicable laws and to respect human rights. The Guiding Principles call on business enterprises to communicate on how they address their human rights impacts, with communications ranging from informal engagement with affected stakeholders to formal public reporting, with formal reporting required in those instances where operations or operating contexts pose risks of severe human rights impacts. The Guiding Principles also require states to encourage, or where appropriate require, such communications as important in fostering respect for human rights by business enterprises. The Guiding Principles call on companies to ensure that their communications are in a form and frequency that reflect the company’s human rights impacts and are accessible to its intended audiences; provide information that is sufficient to evaluate the adequacy of the company’s response to the particular human rights impact involved; and in turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.

**PRI Reporting Framework**

The United Nations-supported Principles for Responsible Investment (“PRI”) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice including a menu of possible actions for incorporating environmental, social and governance issues into investment practices across asset classes. Signatories to the PRI are required to publicly report and disclose on various mandatory indicators.

**Climate Disclosure Standards Board**

The Climate Change Reporting Framework, which was launched in 2010 by the Climate Disclosure Standards Board (“CDSB”), an international consortium of business and environmental NGOs, provides a standards-ready tool for companies to disclose climate change-related information in mainstream financial reports that is based on relevant provisions of existing standards and practices, including the Greenhouse Gas Protocol and International Financial Reporting Standards, and regulatory and voluntary reporting.
According to the CDSB, the goal is to offer companies a reporting framework for reporting environmental information with the same rigor as financial information, thus supporting the efforts of companies to provide investors with decision-useful environmental information in their corporate reports.

The objectives of the CDSB Framework are to help companies translate their sustainability information into business impacts and long-term value; provide clear, concise and consistent information to investors, connecting the organization's environmental performance to its overall strategy, performance and prospects; enable and encourage informed investor-decision making on the allocation of financial capital; and add value to an organization's existing mainstream report, while minimizing the reporting burden and simplifying the reporting process. The Framework also supports compliance with regulatory reporting requirements with current & emerging requirements for environmental reporting, (e.g. the EU Non-Financial Reporting Directive); aligns and complements the objectives of financial reporting by providing environmental information that is connected with financial information; aligns with the recommendations of the Task Force on Climate-related Financial Disclosures; builds on the most widely used reporting approaches, such as CDP, GRI, SASB, IFRS; encourages standardization of environmental information reporting; supports the rigor that is appropriate for information provided to investors; helps prepare assurable reports; and the CDSB Framework is complementary to the Natural Capital Protocol.\(^{35}\)

\(^{34}\) Id.  
\(^{35}\) https://cdsb.net/what-we-do/reporting-frameworks/environmental-information-natural-capital
About the Author

This chapter was written by Alan S. Gutterman, whose prolific output of practical guidance and tools for legal and financial professionals, managers, entrepreneurs and investors has made him one of the best-selling individual authors in the global legal publishing marketplace. His cornerstone work, *Business Transactions Solution*, is an online-only product available and featured on Thomson Reuters’ Westlaw, the world’s largest legal content platform, which includes almost 200 book-length modules covering the entire lifecycle of a business. Alan has also authored or edited over 90 books on sustainable entrepreneurship, leadership and management, business law and transactions, international law and business and technology management for a number of publishers including Thomson Reuters, Practical Law, Kluwer, Aspatore, Oxford, Quorum, ABA Press, Aspen, Sweet & Maxwell, Euromoney, Business Expert Press, Harvard Business Publishing, CCH and BNA. Alan is currently a partner of GCA Law Partners LLP in Mountain View CA (www.gcalaw.com) and has extensive experience as a partner and senior counsel with internationally recognized law firms counseling small and large business enterprises in the areas of general corporate and securities matters, venture capital, mergers and acquisitions, international law and transactions, strategic business alliances, technology transfers and intellectual property, and has also held senior management positions with several technology-based businesses including service as the chief legal officer of a leading international distributor of IT products headquartered in Silicon Valley and as the chief operating officer of an emerging broadband media company. He has been an adjunct faculty member at several colleges and universities, including Berkeley Law, Golden Gate University, Hastings College of Law, Santa Clara University and the University of San Francisco, teaching classes on corporate finance, venture capital, corporate governance, Japanese business law and law and economic development. He has also launched and oversees projects relating to sustainable entrepreneurship and ageism. He received his A.B., M.B.A., and J.D. from the University of California at Berkeley, a D.B.A. from Golden Gate University, and a Ph. D. from the University of Cambridge. For more information about Alan and his activities, and the services he provides through GCA Law Partners LLP, please contact him directly at alangutterman@gmail.com, follow him on LinkedIn (https://www.linkedin.com/in/alangutterman/) and visit his website at alangutterman.com.

About the Project

The Sustainable Entrepreneurship Project (www.seproject.org) was launched by Alan Gutterman to teach and support individuals and companies, both startups and mature firms, seeking to create and build sustainable businesses based on purpose, innovation, shared value and respect for people and planet. The Project is a California nonprofit public benefit corporation with tax exempt status under section 501(c)(3) of the Internal Revenue Code dedicated to furthering and promoting sustainable entrepreneurship through education and awareness and supporting entrepreneurs in their efforts to launch and scale innovative sustainable enterprises that will have a material positive environmental or social impact on society as a whole.

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