
UNCTAD-ISAR Workshop on the Future Direction of the Corporate Reporting Model

Monday, 13th October 2014
Room XXVI, Palais des Nations, Geneva

Workshop material:

***Major trends and initiatives in corporate reporting models to
address issues of sustainable development***

Presented by

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Climate Disclosure Standards Board (CDSB)

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Future direction of corporate reporting

Lois Guthrie

Executive Director, CDSB

Who we are

- + CDSB is a consortium of business and environmental organizations formed at the 2007 World Economic Forum's annual Davos meeting



THE CLIMATE GROUP



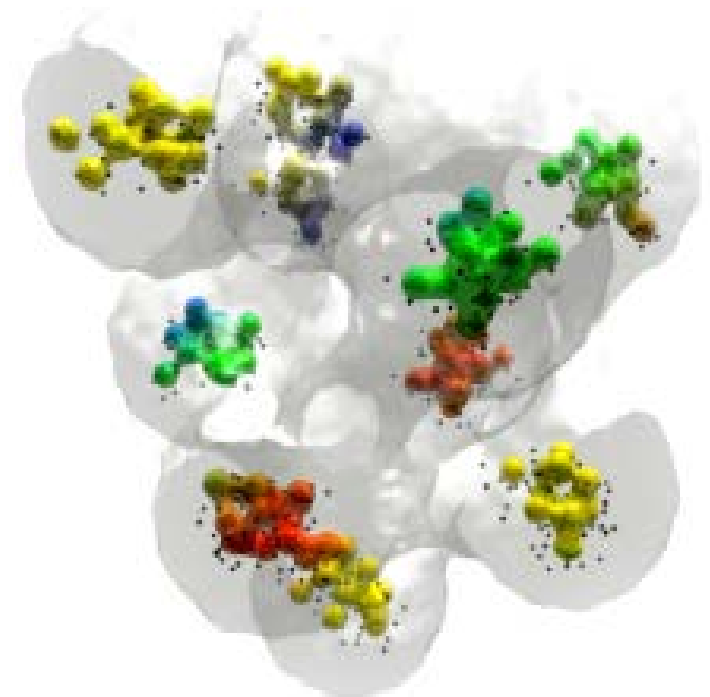
- + CDP has provided secretariat support since inception and coordinates day-to-day activities
- + Supported by leading industrial & financial services companies, NGO representatives, the major accounting firms, professional bodies, academics and other specialist collaborators

What we do

1. Connect environmental and financial information in companies' mainstream corporate reports by developing the CDSB Framework and guidance
2. Working with others to promote and advocate its use, e.g. statement on fiduciary duty launched at Climate Week 2014
3. Developing mapping to explain the reporting landscape
4. Developing climate change stock exchange listing requirements
5. Working with regulators, CDP and the Fujitsu Research Institute to develop an eXtensible Business Reporting Language (XBRL) taxonomy

Complexity for over 20 years

- + **Organization type** - International body (UN, OECD, etc.), NGO, SX, association, Government, think tank, standard setter, ratings agency etc. – non financial reporting has no home!
- + **Product** – law, standard, framework, protocol, guidance, certification scheme, index, listing rules;
- + **Subject focus** – sustainability (and subsets), accounting, reporting, sector specific, assurance, governance, behavioural;
- + **Audience** – company (management), investors, stakeholders;
- + **Jurisdictional** – regional, national, global.



Perspectives

+ **Business**

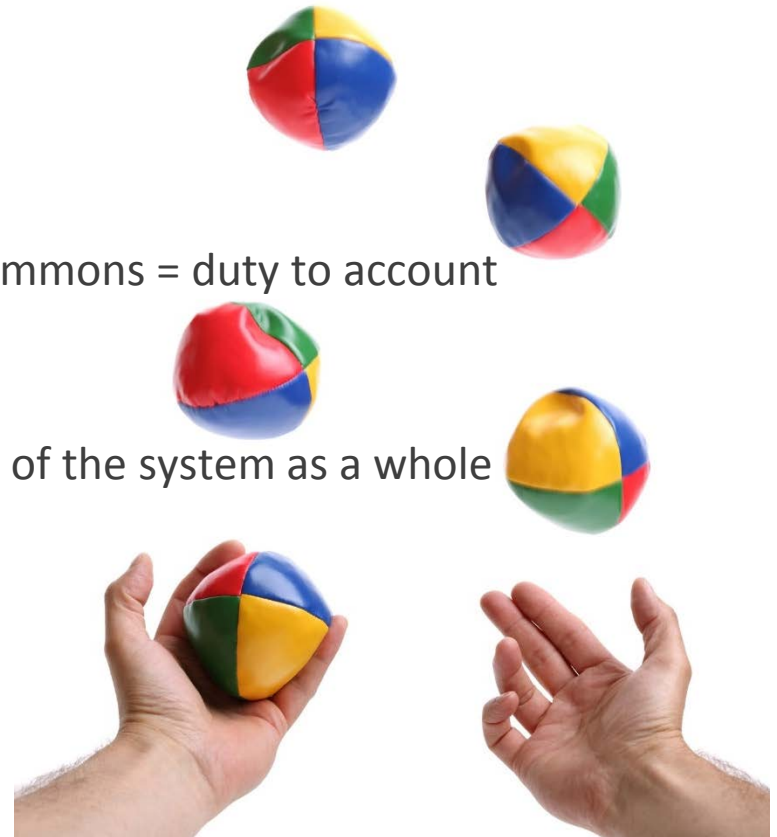
- + Reputational and competitive advantage

+ **Accountability**

- + Privileged access for access to society's commons = duty to account

+ **Systems**

- + Link micro-indicators with tolerance limits of the system as a whole



Why has this happened?

Inclusive capitalism

BREAKTHROUGH CAPITALISM

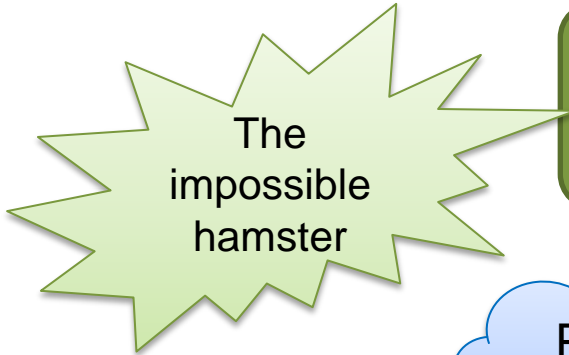
Zero marginal cost



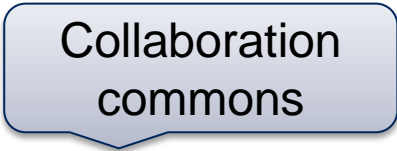
Public interest



Qualitative growth



Constructive capitalism



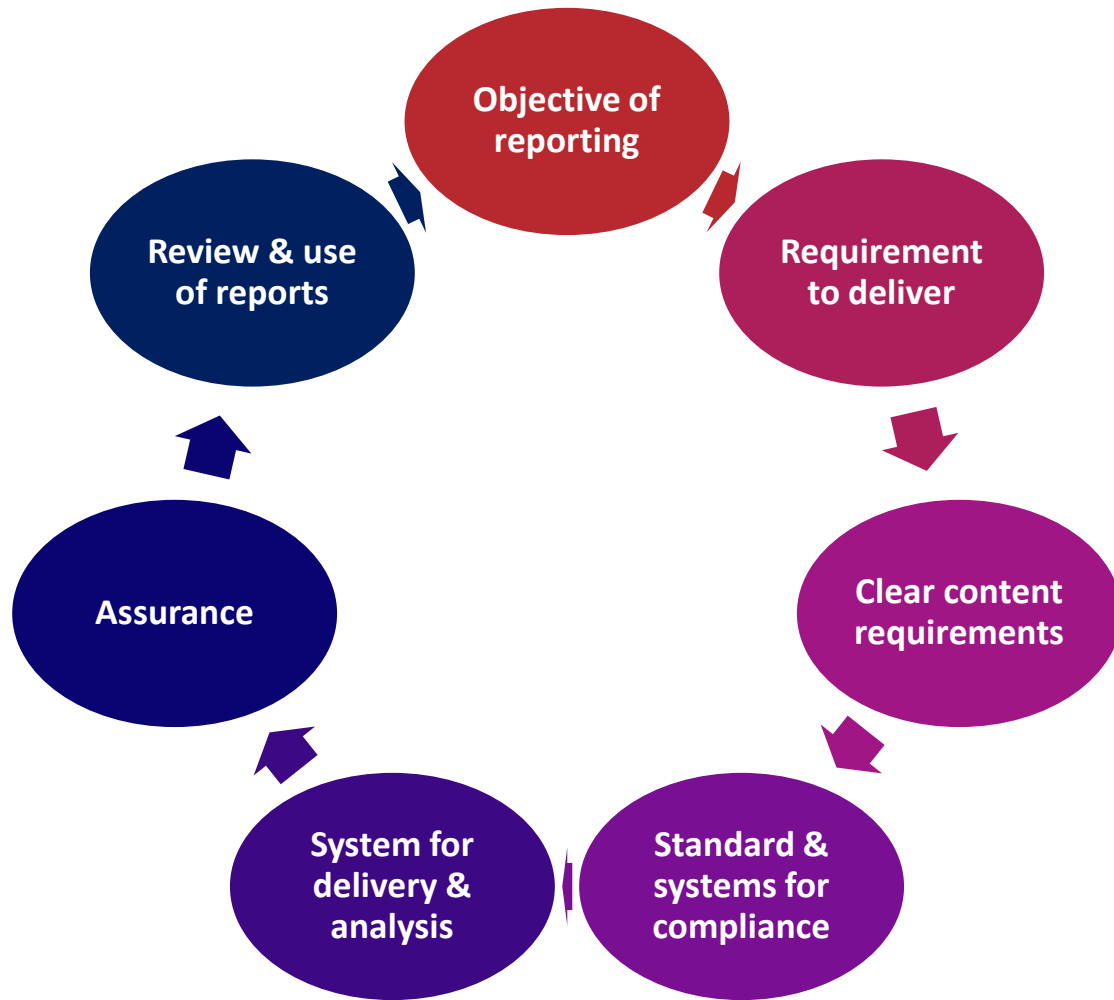
The economics of enough

Slow/patient finance



GREEN CAPITALISM

Reporting fundamentals – all work as part of a system



CDSB Framework

- + **We adapt existing international accounting rules to require disclosure of environmental information in a company's mainstream corporate report**
- + CDSB Framework sets out requirements for companies to disclose this information in a consistent and transparent way
- + Guidance supports application of the CDSB Framework, based on international accounting and assurance rules
- + CDSB Framework is the only available methodology specifically designed for mainstream corporate reporting
- + CDSB Framework can be used for natural capital element of <IR>

CDSB Framework update

- + Focus of previous CDSB Framework on **climate change** risks affecting a company's strategy and financial performance
- + Scope has now expanded into broader environmental matters, with specific guidance on **climate change**, **forest commodity risks** (i.e. drivers of deforestation) and **water**
- + Text restructured, guidance updated, cross-references added and key requirements from previous edition remain in place
- + Expansion of CDSB Framework's scope will now cover 79% of natural capital
- + Update will take account of EU environmental indicators

VILLUM FONDEN  VELUX FONDEN

Developing mapping to explain the reporting landscape

- + Developing mapping which highlights the links between CDSB's work and other reporting methodologies
- + Mapping will outline the relationships and scope of organizations working across the reporting domain



eXtensible Business Reporting Language (XBRL)

- + Working with regulators, CDP and the Fujitsu Research Institute to develop an XBRL taxonomy
- + XBRL is a digital reporting language that structures data so that it can be used consistently and improving analysis
- + The XBRL taxonomy enables information in a mainstream report to be coded and readily searchable
- + A digital version of the CDSB Framework is being developed

Concluding remarks

- + We adapt existing international accounting rules to require environmental disclosure in company's mainstream corporate report, using the CDSB Framework
- + CDSB Framework is the only available methodology specifically designed for mainstream corporate reporting
- + We work with others on non-financial reporting
- + Statement on fiduciary duty and climate change disclosure
- + Stock Exchange listing requirements
- + XBRL

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Thank you

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