



**International Chamber of Commerce**

*The world business organization*

## **Global Business Calls on Rio+20 to Encourage Sustainability Reporting**

Starting with the Business Charter for Sustainable Development in 1991, the International Chamber of Commerce (ICC) – the world business organization – has consistently called for enterprises to integrate sustainability issues into their decision-making and to periodically communicate the results to internal and external stakeholders. As both management systems and communications tools have evolved over the past 20 years, this overall approach has remained effective and relevant for enterprises in all sectors and regions of the world.

Many companies have pioneered practices in sharing information on their progress in implementing sustainable business practices using a variety of approaches and tools, including periodic reporting. In the view of ICC, communication, reporting, stakeholder engagement and ongoing dialogue on sustainability have become important elements of a successful corporate strategy and represent good business practice.

These practices continue to evolve and are spreading globally. Enterprises all over the world are becoming aware of the importance of managing and reporting on their progress in driving improvements on sustainability. In addition, companies and business organizations have worked closely with other stakeholders to advance the “know and show” approach through various initiatives including the OECD Guidelines for Multinational Enterprises, ISO 26000 Guidance on Social Responsibility and the Global Reporting Initiative (GRI).

A fundamental aspect of the “know and show” approach is that it needs to be adapted by each enterprise to reflect their individual circumstances – what works best in one setting may not be effective in another. This is particularly true as these practices spread more widely across the globe.

As we approach the UN Conference on Sustainable Development (Rio+20), there have been proposals to initiate the development of a single global policy framework requiring all large and listed companies to report on sustainability.

ICC supports the continued evolution and spread of communicating on sustainability issues by all actors including business. We strongly believe that sustainability reporting should be approached in a more differentiated manner as priorities and actions may vary across business sectors, value chains and specific national circumstances. Moreover, reporting should also be considered in a more holistic manner and should not be approached in isolation from measures to deepen business commitments to sustainable growth models in support of a transition towards a green economy.

Thus, the objective should not be a standardized global approach to reporting but the creation of conditions where market forces reflect an appropriate “pull” that leads to broader participation in sustainable practices that can be reported.

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Furthermore ICC is concerned by calls for the creation of a single, mandatory policy framework such that would lead to the creation of a “one size fits all approach” that fails to reflect national, regional and sectoral differences. Moreover, adding another reporting requirement to the many that already exist introduces unnecessary complexity and diverts global attention from the real objective which is to stimulate more corporate action in support of sustainability.

Instead ICC supports an adaptable and performance-based approach to reporting, building upon and further enhancing the existing capabilities and practices developed by many corporations and organizations over the past decade using established industry standards. In addition we encourage greater coherence between the various tools and methodologies used across the world. We believe this approach will promote the spread of sustainability communication and reporting by ensuring that all companies have the necessary flexibility to reflect their particular circumstances.

Rio+20 should aim to enhance and broaden dialogue between the private sector and other stakeholders as well as encourage the development of innovative, effective and manageable reporting practices and approaches that demonstrate:

- Completeness - involve all actors including the private sector
- Flexibility - are flexible and appropriate to national and individual circumstances
- Progressive - allowing for methodologies and experiences (with integrating sustainability, financial, governance and management reporting) to more fully develop
- Fairness - assist small and medium size enterprises (SMEs) to develop capacity and improve sustainability performance over time.

As additional efforts are made to integrate economic, environmental and social costs and benefits into balance sheets and global markets there is a need for greater study and dialogue on the total costs and benefits of producing and using “sustainable” products and services and on how that information should be best reflected internally and communicated externally. Over the longer-term financial profitability will remain a condition for further attainment of sustainable development.

With member companies, large and small, in over 120 countries, ICC stands ready to engage with policy makers and other stakeholders at Rio and beyond to develop effective and innovative approaches to sustainability reporting allowing all actors to deliver on their shared responsibilities for a sustainable future.