



Brent Fields, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609
USA

Amsterdam, 15 February 2019

SUBJECT: GRI's input to the SEC petition for a rulemaking on ESG disclosure

Dear Mr. Fields,

I praise the progressive policy step taken through the petition for a rulemaking on environmental, social, and governance (ESG) disclosure. This demonstrates global leadership on corporate social responsibility and transparency while promoting enhanced climate-related financial disclosures as a critical building block.

As the pioneer of global sustainability reporting for over 20 years, GRI believes that corporate transparency is an effective tool to help advance sustainable development. Reporting enhances trust throughout value chains, which helps businesses manage their impacts. Corporate transparency through disclosure is key to reduce risks, while improving competitiveness for companies – leading to improved access to capital, performance and reputation. It is a principal tool for the global transition to sustainability-focused investor engagement and a low carbon economy.

At GRI, we recognize the global need for more sustainable finance, while key players in the field recognize the GRI Sustainability Reporting Standards (GRI Standards) as a tool for current, concise, comparable and consistent sustainability information. Most recently, GRI was appointed to join the EU Technical Expert Group on Sustainable Finance to support the European Commission to establish sound metrics for companies to improve climate-related disclosures. Further, the Task Force on Climate-related Financial Disclosures heavily drew from the GRI Standards to launch their recommendations, increasing the receptiveness from the investor community on our efforts. Likewise, stock exchanges and regulators encourage companies to use our standards, with GRI references in over 50 capital market instruments in more than 40 countries. Notably, this year, the World Federation of Exchanges released the WFE ESG Guidance and metrics and we published a linkage document to illustrate its full alignment with the GRI Sustainability Standards.

We strongly welcome the petition and would like to emphasise a few supportive points that are central to its success and effectiveness:

- Voluntary policies can be a first step in an incremental approach towards future mandatory yet flexible instruments, such as those based on a “comply and explain” approach, a common international best practice for the adoption of sustainability reporting policies. Nevertheless, clarity and guidance is fundamental for any good public policy, be it voluntary or mandatory. In this regard, GRI advises the SEC to create guidelines on best practice to provide clarity on the content and format expectations for disclosures on ESG reporting standards. The guidelines will help standardize company responses, while still giving great flexibility to entities to apply suggestions in accordance with their own circumstances.
- To enable coherent and efficient public reporting by companies, it is crucial to work toward a harmonized reporting policy framework. GRI supports the adoption of policies that drive corporate transparency upwards, but we also recognize the potential reporting burden that

non-aligned regulation can put on companies, since some might have to comply with multiple and potentially duplicative requirements. However, the interplay between reporting requirements can be eased by regulators, encouraging the use of globally accepted and internationally referenced reporting standards.

- GRI is uniquely positioned at the intersection of ESG data providers and data users, reinforcing our understanding of the challenges and expectations of both sides to develop practical solutions. Our Standards endorse reporting through straight-forward, user-friendly metrics that should showcase a company's targets and progress. Businesses around the globe use the GRI Standards to report, measure and manage their sustainability impacts both in their operations and supply chains. The methodology in the GRI Standards gives reporting organizations the option to choose from a wide range of sustainability topics and focus and report on the most significant impacts. This is done through a materiality assessment which allows companies to identify and address the most relevant environmental, social and governance issues to their organization and stakeholders, and to prevent reporting from becoming a box-ticking exercise. Currently, GRI is referenced in policy on sustainability disclosures in more than 60 countries. This includes references at the national level as well as at a regional level in the ground-breaking EU Directive on disclosure of non-financial and diversity information. GRI strongly recommends that the SEC considers global best practice should it choose to recommend or require ESG disclosures.
- We recommend the use of the GRI Standards to ensure quality, comparability, and global acceptance for such disclosures. Our Standards represent the global best practice for sustainability reporting and are particularly relevant to the US, which represents our largest reporting market. Many companies in the US are already very familiar with GRI, with 600 companies headquartered in the country using our Standards and adoption by 75% of the largest 250 companies globally who report on their sustainability. The broad acceptance of the GRI Standards stems from its multi-stakeholder, global approach. The Standards are developed by the Global Sustainability Standards Board (GSSB), which is GRI's independent standard-setting body, in line with its Due Process Protocol. Such process reflects widely-accepted international normative frameworks, such as UN Conventions (including those for climate change), the OECD Guidelines for Multinational Enterprises, ILO conventions, and many others. By recommending the use of the GRI Standards, the SEC will encourage companies to utilize the global standard for sustainability reporting, thus ensuring global acceptance. Furthermore, it will increase comparability and accessibility of the data from all stakeholders, including investors and capital markets.

I thank you for the opportunity to provide input into this important process and I remain available to further discuss the recommendations presented in this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Mohin', written in a cursive style.

Tim Mohin,
Chief Executive, GRI