

G3: A Community Perspective

What I'll be talking about:

- Why does TEC takes an interest
- What we think of the changes in G3
- Changes we would have liked to see
- Stakeholder participation & trust



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Why TEC takes an interest

- We use reports
- We need more disclosure and transparency
- Reporting makes change because:
 - Increases competition to be good
 - Public poor performance gets attention
 - You don't change what you don't measure
- Creates dialogue between business and community



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The changes in G2 to G3

- Relevance and materiality
- Stakeholders and public interest
- Separation of DMA & performance
- Goal setting
- Trend reporting
- Enviro indicators & balance
- Auditing and assurance



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The changes: Principles

- Great to see the principles get an overhaul
- The self-tests are useful 😊
- Clearer than G2 😊
- But some reservations as well . . .



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The changes: Materiality

- We prefer relevance over materiality ☹️
 - Vague distinction, multiple meanings
 - Relevant to stakeholders (G2)
 - Material to the reporting organisation (G3)
- The impact on society is what matters
- If a tree falls in a forest but there are no stakeholders to hear it fall, it still falls
- Prioritise indicators 😊 (Esp for C & B levels)



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The changes: Stakeholders

- More emphasis than in G2 ☺
- G3 defines stakeholders as either:
 - Needing to be impacted by the reporters activities
 - Able to affect the ability of the reporter to successfully implement it's objectives
- Many community groups don't fit this criteria
- Disclosure should not depend on a request
- If the impact is significant, report it



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The changes: DMA & indicators

- DMA separated from performance 😊
- Having the DMA gives a focus on the future
- Indicators still important for benchmarking
- Support for Goal setting 😊 😊 (quant please)
- Support for policy disclosure 😊



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The changes: Enviro indicators

- Two overlooked gems:
 - Reporting on trends, past & future ☺ ☺
 - Normalised *and* absolute for all ☺ ☺
- Generally, indicators more comparable
- Social indicators now ahead of Enviro
- Why? It's about balance & boundaries



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The changes: Enviro indicators

EN14 in G2 was

“Significant environmental impacts of principal products and services”

EN14 in G3 is now

“Initiatives to mitigate environmental impacts of principal products and services”

- In breach of the principle of balance ☹️ ☹️ ☹️
- Social Product Responsibility Indicators 😊



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The changes: Assurance

- GRI support external assurance 😊
- Some guidance on what that means 😊
- Stakeholders need credibility
- Credibility needs assurance
- But assurance does *not* guarantee credibility



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What we would have liked

- Environmental product responsibility
- More support for long-termism
 - Climate change planning horizon: >40 years
 - Climate change reporting horizon: <4 years
- In indicators, in DMA, in everything
- More participation by civil society



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Civil Society & Trust

- Civil society participation is low – why?
 - As GRI grows, influence of civil sector shrinks
 - Civil sector has very minimal resources
 - Corporate engagement not popular because
 - Not efficient use of resources
 - Too many decision makers to influence
 - Perceived and real conflicts of interest
 - Low donor support
 - Very low levels of trust. Bad apples spoil the cart



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Conclusions

- Principals overhaul 😊 bar materiality
- Separating DMA & indicators 😊
- Goal setting & trend reporting 😊 😊
- Social Indicator changes 😊
- Enviro Indicator changes 😊 and ☹️
- Support for external assurance 😊
- Challenges:
 - Short-termism & civil society participation



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