

Green noise: Is sustainability reporting becoming too complex?

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The multifaceted landscape of sustainability reporting has become overwhelming for businesses and is leading to a general lack of engagement around CSR communication.



The European Directive for non-financial reporting came into force in December 2014 with around 6,000 organisations expected to be on-board by 2018

That was the argument put forward by Verity Lawson, sustainability reporting manager at British American Tobacco, at [edie's Smarter Sustainability Reporting conference](#) in London last week.

In a panel discussion featuring representatives from the Global Reporting Initiative (GRI), Climate Disclosure Standards Board (CDSB), International Integrated Reporting Council (IIRC) and Global Compact Network, Lawson questioned the need for all of these sustainability reporting standards and frameworks.

“While it’s encouraging to see so many developments in sustainability reporting – G4’s focus on materiality, the IR framework, all this talk of harmonisation and collaboration between frameworks – frankly it’s very overwhelming for reporting companies,” she said. “There’s a danger of overwhelming companies with all of these different standards

and frameworks coming out and claiming they're something different and something new.

“We've seen some great sustainability practices come out, really good innovations from companies in lots of different sectors. But many of those companies have ended up just reporting for reporting's sake and becoming 'compliance tests'.

“There needs to be a degree of flexibility in how information is reported and the formats that it can be reported in, so that companies can still be innovative while creating engaging and targeted sustainability communication. It's great to have these frameworks in place. But we need more alignment, we need them to be more straightforward and help us to understand how to actually implement them.”

Harmonisation

Lawson's view was echoed by the [Smarter Sustainability Reporting conference](#) chair Elaine Cohen, who heads up consulting and sustainability reporting firm Beyond Business. At the conference, Cohen asked: “Why is there a need for all of this? Why don't companies just select one or two of the key frameworks, rather than having all of these reporting organisations trying to create alignment?” She made similar points in [a blog post about the event](#) published earlier this week.

In response, CDSB's managing director Mardi McBrien admitted that the growth in reporting frameworks has led to a complex landscape, but the conversation about 'harmonisation' between those frameworks is beginning to take place.

“This is a conversation that has really only started in the last six or eight months - I'm not going to pretend it's been going on forever,” said McBrien. “Everyone's had all of these organisations set up to fill these gaps and solve these problems and it's quite hard for people to want to stop running those organisations and moving away from it.

“Until you actually map it all out, you don't realise how similar quite a lot of the reporting organisations are. But I think it will be more of the talk and working out where everyone fits before we see more coming together.”

Explosion of understanding

Time is certainly of the essence. Last year, the European Parliament passed an historic vote which will require publicly-listed European companies with more than 500

employees to disclose policies and risks on human rights, employee-related issues, diversity, and the environment. The non-financial reporting directive will come into effect in December, and EU Member States have two years to transpose it into national legislation.

But, with the spotlight now firmly on sustainability and CSR reports amid such a diverse business landscape, could an array of reporting standards and frameworks actually be a good thing? For the GRI's chief advisor on innovation in reporting Nelmara Arbex, "the more, the better".

Arbex told edie: "What we are seeing is an explosion of understanding about the fact that sustainability is important, it is about the future. The more this understanding is spread, the more you will have companies and Governments engaging with sustainability.

"It's extremely important to have harmonisation between the different frameworks, but this is less important in my opinion. What's more important is why businesses are reporting in the first place – to show they are aware of global sustainability issues."

Sustainability reporting: explained

Why produce a sustainability report? What's the difference between the GRI's G4 guidelines and the IIRC's International Framework? And what other reporting obligations should you consider when producing a sustainability report? CSR sustainability consultancy CLT envirolaw have answered all of these questions and more in a new guide to sustainability reporting for businesses.

[Download the sustainability reporting guide for FREE here.](#)

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