Global Reporting Initiative™

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Government and business: mutually reinforcing initiatives

In the past years businesses have led the sustainability reporting agenda developing reports, innovating strategies and excelling with virtuous practices. A growing number of companies see sustainability reporting as a means to drive innovation through their business and to create a competitive advantage in the market. Voluntary initiatives from business and organizations have flourished creating space for healthy competition.

Alongside private initiatives, some policy makers and market regulators around the world, including some European member states (such as Denmark and France) have adopted policies to enhance transparency and sustainability reporting, providing a meaningful direction to companies and a clear indication of the importance of disclosure for the markets and society.

According to the principle of common but differentiated responsibilities, both governments and organizations play a key role in achieving an objective. Additionally, in the European context, national initiatives, appearing significantly diverse in nature, led to difficulties to benchmark companies across the Internal Market. Hence, unilateral action has not proven effective and according to the principle of subsidiarity,[1] the European Union should act when it can provide better results than intervention at national level. Therefore, the European Union should provide the overarching guidance so that business can use they inventiveness, initiative and technical expertise to address the details of how to achieve transparency.

The initiative of policy makers is beneficial to the business community as it provides a direction and creates enabling conditions for companies to report their sustainability and act transparently. Initiatives of policy makers and business are in this sense mutually reinforcing. Business initiatives can inform policy directions and provide a stock of experience on which the policy can be built on, while regulators can establish a common framework for reporting incentivizing more companies to do more and better, at the same time creating a level playing field. While establishing a minimum common denominator for sustainability reporting, regulation should still allow flexibility and freedom for companies to keep finding new and creative ways to develop their initiatives to boost innovation and competitiveness.

This document is part of a series of pagers on topics related to Sustainability Reporting and should be read in conjunction with the Global Reporting Initiative (GRI) non-paper on the Renewed EU Strategy 2011–2014 for Corporate Social Responsibility (CSR) and the European Commission's proposal for a Directive on non-financial information disclosure available at: www.globalreporting.org/resourcelibrary/GRI-non-paper-Report-or-Explain.pdf

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[1] Treaty on European Union, Article 5. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:083:0013:0046:en:PDF

The Global Reporting Initiative (GRI) promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to a sustainable global economy.

GRI's mission is to make sustainability reporting standard practice. To enable all companies and organizations to report their economic, environmental, social and governance performance, GRI produces free Sustainability Reporting Guidelines.

GRI is an international not-for-profit organization, with a network-based structure. Its activity involves thousands of professionals and organizations from many sectors, constituencies and regions.

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