NOTHING IS IMPOSSIBLE, PARTICULARLY WHEN IT IS INEVITABLE

Adress by: Mr Herman Mulder, Chairman of the GRI Board of Direct**ors**

For : the COMMIT!FORUM, 8 November, New York City

Ladies and Gentlemen,

As a former banker I know that the essence of prudent risk management is to take decisions on credits and/or investments on an as much as possible fully informed basis, considering the financials and operations of the client himself, his material (inter-)dependencies and impacts in his full value-chain, and reading the forward-looking business and societal contexts thereof. This goes well beyond the financials; it directly relates to the long term sustainability and stability of his business model. We call this basic due diligence: by doing it better, you reduce your downside risk and/or enhance your opportunities.
In the same capacity I am very aware of the need to be prepared for volatility in markets and/or stess with clients , which require immediate action, for which often the required information or time is not available, causing panic in markets or ill-conceived steps towards a less than optimal solution. We have seen that in 2008 and, unfortunately, will see this in the future again, as crises are of all times. To improve resilience: "si vis pacem, para bellum" by reporters and investors, and also beyond them. The Rana Plaza accident in Bangla Desh earlier this year has shown how vulnerable leading apparel companies are in their value chain, particularly if they don't know and manage their exposure adequately.
If a company offers, by way of its public reporting, an honest and comprehensive insight in these issues, I know he is measuring and managing his risks and opportunities. If he doesn't report, my question is whether he is innocent on these issues, or if not, whether he is hiding information material for my decisions. Not reporting these material issues for me as an investor, lender, partner, supplier, employee, customer, will be a reason, at best, to have a closer (is time consuming and costly) look, or, at worst for the client, to look elsewhere for alternatives to engage with. Adequate, preferably verified reporting should be driven by self-interest; not reporting material issues will however , eventually and inevitably become a legal liability, even in the USA. Any company, whether listed or not, or other important organization (including cities) should consider this an lead its own agenda in this space!

As an actor in many parts of the sustainable business movement, I clearly notice an intensification and acceleration of the sustainability pace. Sustainability is becoming a core strategy of an increasing number of leading companies worldwide and moving to the Board room, rather than staff-level compliance. At the same time an increasing number of international organisations and countries are taking steps to push this agenda further, in substance (OECD Guidelines for Multinational Enterprises, now subscribed by the 34 OECD countries plus 10 adhering countries) and on non-financial disclosure on a "report or explain why not" basis, as this is seen as a key driver for change (EU Directive for any company, also if not listed, with more than 500 employees; potentially applicable

to 1800 companies, with reference to GRI). Also large users (pension funds, insurance companies, sovereign wealth funds) are sharpening the due diligence in their risk screens and the monitoring thereof.
The question is what is causing this worldwide, wide-scale sustainability momentum? It is direct consequence of the globalization of markets , the information technology available and the breakthrough of the (social) media. Moreover the public agenda on global sustainability has become anyway a big issue in the public domain, requiring responses from governments, business and investors: impacts of ecosystem degradation and loss of biodiversity, poverty reduction (people we are often dependent on in our supply chains), serious accidents like at the Rana Plaza garment factory in Bangla Desh, climate change issues (ref the recent 5th IPCC report), and many more are driving the agenda, but also the rolemodel by leading international corporations (like Nestle, Unilever, Intel, the Gap) and successful entrepreneurship based on sustainable business (eg renewable energy). “Wellbeing for all, within planetary boundaries” is a key message within the World Business Council for Sustainable Development (WBCSD). This development will in my view inevitably continue and intensify worldwide.

For these reasons I am particularly proud to be so closely involved with GRI, which has been driving successfully the sustainability reporting agenda. It started in the USA 15 years ago, moved its worldwide head office in 2001 to Amsterdam, has focal points in New York, Sao Paulo, New Delhi, Beijing, Melbourne, Johannesburg. It was one of the co-founders of IIRC. The 2011 KPMG report indicated that 95% of the Global 250 apply sustainability reporting with 81%reference to GRI, and 64% of the N100 in 34 countries with 69% reference to GRI. New, 2013 data will be presented in December by KPMG and are expected to confirm this trend towards mainstreaming of sustainability reporting and the GRI leadership position. The G4 framework (with its focus on materiality) was launched at the 2013 Global Conference on Sustainability and Reporting, held in May in Amsterdam, with 1550 participants from nearly 70 countries, including large delegations from i.a. India, USA, Brasil, South Africa, China, Arab region.
Official representations from many senior officials from governments and international organisations confirmed the importance they attach to sustainability reporting and the leading, standards’-setting role GRI is playing; GRI entertains frequent and intensive consultations with governments and other standard-setters and has MOU with a number of key international organisations. It has worldwide certified 200 training partners.

What is the essence of GRI?
G4All: in its governance structure in the Board, its Stakeholder Council, its technical committees, GRI is truly global and multistakeholder, with representation from business-reporters, labour, civil society organisations, mediating institutions, investor community. Its inclusive and disciplined due processes are lead by interested stakeholders and always include public consultation periods. Its philosophy is that, inevitably, business (listed and non-listed) and other relevant organisations, must meet the requirements from the societies within which they are operating. Market and regulatory pressures are

all society-wide driven, not limited to (long term) investors, as such investors are facing the same emerging realities in the public domain, directly and/or indirectly through regulations. GRI is the recognized worldwide benchmark.

The recent financial crisis has taught us that markets are not perfect, prices are not right, the financial economy just a sub-set of the real economy, that interdependencies are exponentially growing, transparency thereon and on other key risk issues are ,of the essence, and foremost, that we have to, decisively, act differently, with a sharper, broader lense. Structured, harmonized disclosure is for this in world markets a key driver, both within companies and in the market place. 2013 was an inflection point: sustainability reporting has become a mainstream issue with more governments involved and also new partners with whom GRI wants active cooperation: the agenda is too important for business and society for it become fragmented. In its 15 years of existence, GRI has grown from an independent, voluntary initiative by advanced stakeholders operating in a niche, with support from the leading assurance providers and few governments, into a leading standard setter in mainstreaming sustainability reporting on a global scale with strong national alliances and footprints. And the USA is very much part of this.
Better reporting, more reporters for a better world!

THANK YOU