Introduction to the Group of Friends of Paragraph 47 (GoF47)

Capacity Building Workshop for Policy Makers and Other Stakeholders

Enhancing Capacities to Manage Information from Corporate Sustainability Reporting in Latin American Countries

9 November 2017
Paragraph 47

- Corporate Social Responsibility received high attention at
- Paragraph 47 of the Outcome Document, *The Future We Want*, acknowledges importance of corporate sustainability reporting (SR)

47. We acknowledge the importance of corporate sustainability reporting and encourage companies, where appropriate, especially publicly listed and large companies, to consider integrating sustainability information into their reporting cycle. We encourage industry, interested governments as well as relevant stakeholders with the support of the UN system, as appropriate, to develop models for best practice and facilitate action for the integration of sustainability reporting, taking into account the experiences of already existing frameworks, and paying particular attention to the needs of developing countries, including for capacity building.
Establishment of the Group

• Brazil, Denmark, France and South Africa launched ‘Friends of Paragraph 47’ initiative to take lead in response to this call for action.

• Since formation, the Governments of Argentina, Chile, Colombia, Norway and Switzerland have joined the Group, and several others have expressed interest.

• UN Environment provides support in a Secretariat capacity.
Common understanding

• The Group’s common understanding:

*Corporate transparency and accountability are key elements to enhancing the private sector’s contribution to sustainable development*

• The Group’s main objective:

*Strengthening the role governments play in encouraging sustainability reporting practice by business*

• Main points in Group’s Charter:

- Governments play essential role in advancing SR agenda
- SR should become widespread practice
- Sharing of experiences & development of best practice models of SR policy/regulation is an important step
## GoF47’s Goals and Activities

<table>
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<th>Goals</th>
<th>Activities</th>
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<td>Encourage further governments to adopt policies/initiatives to promote SR</td>
<td>Consolidation and expansion of Group membership through outreach efforts to ensure geographic balance and achieve growing participation on this agenda</td>
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<td>Enhance effectiveness of SR policies and strengthen SR quality</td>
<td>Sharing of experience with SR policy development/implementation between Members and interested governments, working towards development of best practice models and benchmarking systems</td>
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<td>Maintain and promote SR agenda at international level</td>
<td>Participation in relevant intergovernmental discussions and negotiations</td>
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<td>Engage with stakeholders, recognizing promotion of SR requires multi-stakeholder effort</td>
<td>Collaboration with stakeholders on concrete activities as reflected in the Work Plan</td>
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Structure

Interested Stakeholders

United Nations System

Group of Friends of Paragraph 47

Member Governments

Bureau

Secretariat

Reporting Frameworks
Frequently Asked Questions
on Corporate Sustainability Reporting

• Publication builds on the experience and expertise of GoF47 member Governments and relevant stakeholders
• Seeks to support governments interested in the corporate sustainability reporting agenda, providing answers to key questions

Three sections:

- **Background** to SR and what it is
- **Overview** of current SR policies, practices and initiatives
- **Opportunities** identified by GoF47 and others, serving as a focus for their work to develop corporate SR further

- [www.unep.org/FAQsonSustainabilityReporting](http://www.unep.org/FAQsonSustainabilityReporting)
Other publications

Provides in-depth insights into the key role of governments and other national authorities in facilitating the transformation of corporate practices through sustainability reporting and also to ensure their contribution to sustainable development.

How the financial sector contributes to a sustainable, resilient and inclusive economy and society, through its corporate sustainability reporting.
Thank you
Examples of Member SR Policies/Initiatives
Austrian examples of SR policies/initiatives

- **KEY EXAMPLE:** Number of voluntary initiatives including Austrian Sustainability Reporting Guidelines, developed by Ministry of Economic Affairs and Labour
  - Austrian Code of Corporate Governance
  - OkoBusinessPlan Wien supports companies, requiring publishing of sustainability report. Similar schemes in all Austrian federal provinces.

Government institutions involved in Group of Friends of Paragraph 47
- Ministry of Agriculture, Forestry, Environment and Water
- Ministry of Economy, Family and Youth
- Ministry of Economic Affairs and Labour
Brazilian examples of SR policies/initiatives

- **KEY EXAMPLE:** Brazilian stock exchange, BM&F Bovespa recommends that listed companies adopt a ‘report or explain’ approach

  - State-owned company reporting (Petrobras)

  - Sector-specific requirements on reporting (Energy sector, Banking sector)

  - Stock exchange initiatives (BM&F BOVESPA)

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**Government institutions involved in Group of Friends of Paragraph 47**

- Ministry of Environment
- Ministry of Finance
- Ministry of Foreign Relations
Colombian examples of SR policies/initiatives

• **KEY EXAMPLE:** Several policies/initiatives under development (Human Rights and Business, GHG emissions)

  • Public agency reporting (Ministry of Trade)
  
  • Sector-specific reporting requirements (Extractive sector)

  • Voluntary guidance on SR reporting

• **Government institutions involved in Group of Friends of Paragraph 47**
  
  – Ministry of Trade, Industry and Tourism
  
  – Ministry of Environment and Sustainable Development
Danish examples of SR policies/initiatives

• **KEY EXAMPLE:** Financial Statements Act 2008 & Executive Orders require all large companies to publicly disclose CSR information on ‘report or explain’ basis

• Further strengthened disclosure requirements from 2013 regarding companies’ policies on gender equality, human rights and reducing climate impact – some sanctions apply for non-compliance

• Action Plan for CSR

• Scheme requiring disclosure of material inputs, emissions and waste (Green Accounting Scheme)

**Government institutions involved in Group of Friends of Paragraph 47**

– Danish Business Authority
– Ministry of the Environment
**French examples of SR policies/initiatives**

- **KEY EXAMPLE: 2012 Grenelle I and II Acts** (built on existing NRE Act) require all listed and large companies to prepare annual CSR reports on ‘comply or explain’ basis and to have them verified by independent, accredited third party

- Sustainable Development Strategy

- Multi-stakeholder National CSR Platform linked to Prime Minister’s Office

- GHG emissions reporting requirement

**Government institutions involved in Group of Friends of Paragraph 47**

- Ministry for Ecology, Sustainable Development and Energy
- Ministry for Foreign Affairs
Norwegian examples of SR policies/initiatives

- **KEY EXAMPLE:** 1998 Accounting Act extended (2013), now requires large companies to disclose how SR information is integrated into business strategies, operations and stakeholder relations. Use of ‘report or explain’ model likely.

- Act requiring gender balance on company board of directors (Public Limited Companies Act)

- Code of practice for corporate governance

- State oil fund promotes sustainability by adhering to strict ethical investment guidelines developed by the Government

- Stock exchange initiatives (Oslo Børs ASA)

**Government institutions involved in Group of Friends of Paragraph 47**

- Ministry of Environment
South African examples of SR policies/initiatives

• KEY EXAMPLE: Since 2010, Johannesburg Stock Exchange (JSE) recommends that listed companies adopt integrated reporting on an ‘apply or explain’ approach

  • Code of practice for corporate governance (King Codes I, II and III)
  
  • Sector-specific reporting requirements (Extractive sector)
  
  • Stock exchange sustainability indices (JSE)

Government institutions involved in Group of Friends of Paragraph 47
  — Ministry of Environment
Swiss examples of SR policies/initiatives

- **KEY EXAMPLE:** Sustainable Development Strategy for 2012-2015 outlines mandatory measures on sustainability monitoring and assessments for the Swiss Confederation

- Green Economy Action Plan with measures linked to sustainability reporting

- Swiss Code of best practice for Corporate Governance

- Development of a national strategy on implementation of UN Guiding Principles on Business and Human Rights

**Government institutions involved in Group of Friends of Paragraph 47**
- Federal Office for the Environment
- Federal Department of Foreign Affairs
For additional information on the Group of Friends of Paragraph 47 contact:

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or visit the website:

www.unep.org/GoFParagraph47