

G4 Exposure Draft

General Comments

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p2 - General Questions

Q: 1. Do you believe that the greater focus on materiality introduced in the G4 Exposure Draft will assist organizations in better defining report content, boundaries and issues so as to contribute to better and more relevant reports (as opposed to longer reports)?

no: The greater focus on materiality is a helpful addition to the G4 Exposure Draft in terms of helping companies to focus on disclosure of information that is most relevant to users. We are still concerned, however, that the range of topics suggested to be covered on page 18 is too wide. Specifically, the second bullet on page 18 and the impact to stakeholders mentioned on page 27 may be so broadly defined as to make it difficult for companies to decide on materiality, and instead to embrace a "to tick the box" mentality to the detriment of relevance and conciseness.

Q: 2. Is the G4 Exposure Draft (including the new structure) clear and understandable in terms of what is expected of organizations for the sustainability report to be in accordance with the guidelines?

no: As noted in our response to the previous question, preparers might be challenged in applying effectively trying to apply the materiality guidance in light of the fact that some parts of this guideline ask for a wide range of topics and indicators to be disclosed.

Q: 3. Does the G4 Exposure Draft clearly explain the interaction between the guidelines, the technical protocols and the sector supplements?

no: The length of guidelines may make it challenging for users to easily understand its relationship with technical protocol and sector supplements. Also, G4 Taxonomy can also incorporate explicit references or links to make the relationships more obvious and more easily navigable for both preparers and consumers of reports.

Q: 4. Do you think that the G4 Guidelines can apply to organizations of various sizes in your region?

no: The extensiveness of reporting requirements called for in this guideline could represent a challenge in terms of an undue reporting burden to companies of any size. It may be useful to consider some degree of guidance for companies to consider when applying the overall framework to their specific situation.

Q: 5. Do you believe that the G4 Guidelines will drive the cost effective preparation of a sustainability report for all organizations?

no: As noted in our response to the previous question, the number of core indicators called for in this guideline could be burdensome and costly for companies to implement.

Q: 6. Have the proposed G4 Guidelines achieved a proper balance between the economic, governance, environmental and social indicators?

no: This question orients the G4 Guideline concepts as one of 'balance' meaning that companies should be concerned with the level of volume of disclosures on economic, governance, environmental and social indicators. It may be more useful for companies to consider the relationship(s) and priorities rather than balance of economic, governance, environmental and social disclosures. The G4 Guidelines may more explicitly encourage companies to disclosure how their prior and future economic, governance, environmental and social efforts relate to their overall performance plans and results. The emphasis should be on the relationships between rather than the balance of various disclosure concepts and priorities among them.

p3 - Governance & Remuneration

Q: 1. Do you consider the proposed disclosures related to Governance & Remuneration disclosures appropriate and/or complete?

no: Governance and Remuneration is a topical area under which disclosure requirements vary by geography. Companies should choose and disclose material items related to governance and remuneration in compliance with their local requirements and their respective stakeholder information needs. As such, the items covered in the guidelines may be too detailed.

Q: 2. Do you have other general comments related to Governance & Remuneration? *(Note: comment on specific words, sentences and paragraphs in the text belong in the Document Review section)*

No

p4 - Disclosure on Management Approach

Q: 1. Do the requirements for Disclosures on Management Approach offer sufficient flexibility to enable organizations to provide answers that will add value without making the report unduly repetitive and lengthy?

no: We are concerned that, due to the proposed approach, i.e. to ask companies to choose material subjects from a list of external topics, especially drawing from an environmental and social viewpoint, these entities may find it challenging to select and disclose elements which are truly material to their own value creation and preservation.

Q: 2. Do you consider the proposed Disclosures on Management Approach an improvement over the current approach?

no: We agree that the stronger focus on materiality is a positive step forward. However, the requested approach to choose material topics amongst those having a potential social and environmental impact, makes it difficult for companies to determine material issues from their own perspective.

Q: 3. Do you consider the proposed disclosures related to Disclosures on Management Approach appropriate and/or complete?

no: The approach to choose material topics mainly from external social and environmental issues could prove problematic for companies to apply as mentioned in our responses to previous questions.

Q: 4. Do you consider the proposed guidance provided to support the Disclosures on Management Approach appropriate and/or complete?

no: The proposed guidance mainly shows guidance on each element, but in doing so it falls short in articulating the idea that each element should be evaluated from the viewpoint of contribution to value creation and preservation. This concept would serve as helpful guidance toward company application of materiality in the context of GRI reporting. We suggest GRI consider the materiality position paper that is being developed by the International Integrated Reporting Council (IIRC) for more information on this concept (GRI staff been very helpful contributors to the development of this paper).

Q: 5. Do you have other general comments about the Management Approach Disclosures? *(Note: comment on specific words, sentences and paragraphs in the text belong in the Document Review section)*

The difference of definition of 'management approach' in G4 from that of accounting standards including IFRS, US GAAP and Japanese GAAP may create huge misunderstanding as well as inconsistency with financial reports.

p5 - Supply Chain

Q: 1. Do you consider the proposed definitions of 'supply chain' and 'supplier' appropriate and complete?

no: N/A

Q: 2. Do you consider the proposed supply chain-specific Indicators to be effective measures for performance and feasible to report?

no: As noted in a previous response, the proposed guidance mainly shows guidance on each element, but in doing so it falls short in articulating the idea that each element should be evaluated from the viewpoint of contribution to value creation and preservation. This concept would serve as helpful guidance toward company application of materiality in the context of GRI reporting.

Q: 3. Do you consider the proposed disclosures related to supply chain appropriate and/or complete?

no: The proposed disclosures could be enhanced if preparers were encouraged to explain their respective contribution to value creation and/or preservation.

Q: 4. Do you consider the proposed guidance provided to support disclosure on supply chain related issues appropriate and/or complete?

no: The proposed guidance calls for too many elements in too much detail. It might be more effective to suggest that a company should disclose material elements throughout its supply chain in the context of how it creates and preserves value.

Q: 5. Do you consider the proposed supply chain-related references appropriate and complete?

no: The level of detail suggested seems inconsistent with the enhanced focus on material issues.

Q: 6. Do you have other general comments related to the Supply Chain Disclosures? *(Note: comment on specific words, sentences and paragraphs in the text belong in the Document Review section)*

It may be useful to consider how companies will describe the various supply chain participants and their respective roles in the context of the reporting company; specifically with respect to individuals entities, associations, partnerships, affiliates, and

others organizational structures that may be useful in describing the parties.

p6 - Boundary

Q: 1. Do you think that the new version of the Technical Protocol helps organizations to express better the relationship between material topics and value chain?

no: As mentioned before, the level of detail suggested seems inconsistent with the enhanced focus on material issues. For a company to cover everything in its value chain is unrealistic and potentially at odds with the application of materiality.

Q: 2. Do you think mapping the value chain is a helpful exercise for defining boundaries of material topics?

no: More emphasis should be placed on identifying the most material issues to value creation and preservation throughout the supply chain.

Q: 3. Is the difference between the term 'Aspect' and 'Topic' clear when each term is used in the Technical Protocol?

no: The difference is not clearly understood.

Q: 4. Do you have other general comments related to the approach for setting boundaries proposed in the Technical Protocol? *(Note: comment on specific words, sentences and paragraphs in the text belong in the Document Review section)*

No

p7 - Application Levels

Q: 1. Do you agree with the proposal to discontinue with the Application Levels and to replace them with criteria that define when a report has been prepared 'in accordance with' the G4 Guidelines?

no: No in the sense that the proposal requires companies to disclose too many items. Some guidance may be useful in assisting companies in applying judgment as to what should and should not be considered appropriate for disclosure.

Q: 2. Do you support the introduction of transitional provisions to allow new reporters two reporting periods in order for their reports to gradually be in accordance with the G4 Guidelines?

yes

p8 - External references

Q: Please list any suggestions here:

WICI Framework (www.wici-global.com)
WICI Concept
WICI KPI Concept
IIRC Materiality Position Paper (to be released later this year)
IIRC Connectivity Position Paper (to be released later this year)

p9 - Other Comments

Q: Please provide any other general comments on the G4 Exposure Draft:

The increased emphasis on materiality in the G4 Guidelines is a positive step forward, however the new approach still requires an explanation of each material topic in the context of mainly external social and environment topics. It may be preferable to take an approach whereby companies are encouraged to select and disclose elements which are truly material to their own value creation and preservation, to help users of the report to understand what the company believes is most relevant. By requiring more disclosure regardless of how material the company believes an element is to value creation and preservation, there is a risk of creating an undue disclosure burden on companies, and information overload for users of the reports.