Dear Sir,

We are writing on behalf of the International Corporate Governance Network (ICGN) and its Integrated Business Reporting Committee. The ICGN is a global membership organisation of over 500 institutional and private investors, corporations and advisors from 50 countries. Our investor members are responsible for assets of US$18 trillion. The mission of the ICGN is to contribute meaningfully to the continuous improvement of corporate governance best practices through the exchange of ideas and information across borders. We invite you to visit www.icgn.org for more information about our work programme.

The ICGN Integrated Business Reporting Committee’s mission is to advance the quality of reporting by integrating environmental, social and governance factors with general financial disclosures by companies, in order to arrive at a more comprehensive picture of company strategy and performance. This will be conducive to better investment decision making and capital allocation by investors in the interest of a more sustainable global economy. The ICGN is an active supporter of the International Integrated Reporting Committee (IIRC) that seeks to develop an integrated reporting framework.

As investors, we want to play our part in ensuring a sustainable future for the world in a way that also safeguards the interests of developing countries, contributing to a sustainable growth path and to poverty reduction. With this letter we wish to encourage your Government and its representatives at the Rio+20 Conference to consider supporting the establishment of a multi-stakeholder process to design an appropriate system to make corporate sustainability reporting a voluntary, flexible and low-cost requirement for companies, in the form of “report or explain”. This means companies that do not include environmental, social and governance information as part of their annual reporting cycle have to explain why.

In Rio in 1992, Governments invited the corporate sector to report voluntarily on its environmental activities. To date, only a quarter of large companies reports on any sustainability issues. Evidence shows that requiring publication of environmental, social and governance information by all public and large global private companies will move businesses towards more durable practices. More transparent and accountable reporting on all aspects of performance, not just financial, is a vital element in creating a more sustainable global economy. The ability of investors, and other stakeholders, to hold companies to account on their sustainability and governance performance is vital for creating accountable and transparent global value chains. It also allows investors to make capital allocations that take account not only of the financial performance of companies but also their sustainability and governance performance, contributing to strengthening the long term sustainability of the financial system, whilst contributing to a sustainable growth path in countries.

By individual mail-out

The Group of 77 (G-77)

14 June 2012
In our view, regular and consistent availability of corporate sustainability information would help your Government in several ways. Information on the social, environmental and governance performance of the companies in your jurisdiction would enhance the accountability of business and create a more constructive dialogue between governments, companies, communities and their investors. It would enable your Government to assess better how companies, and their boards, are contributing to sustainable development nationally and internationally. It would promote better working conditions and more responsible use of resources, which are mainly sourced from developing countries.

We sincerely believe corporate sustainability reporting is of crucial interest also to developing countries. Therefore, we hope that your Government will consider supporting the co-chair’s text (para 41, former clause 24, as appended below) to establish a multi-stakeholder process to develop a framework for integrating sustainability reporting into the annual reporting cycle, with a view to generating a comprehensive and integrated account of business performance to foster a more sustainable economy. To this effect, we do not wish to recommend the adoption of any particular standard.

If you would like to discuss any of the above points, please do not hesitate to contact Carl Rosen, ICGN’s Executive Director, by phone at +44 207 612 7098 or by email at carl.rosen@icgn.org. We look forward to your response.

Yours sincerely,

Christianna Wood
Chairman of the ICGN Board of Governors

Claudia Kruse
Chair, ICGN Integrated Business Reporting

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**Appendix 1**

Para 41 – “We acknowledge the importance of corporate sustainability reporting and encourage companies, where appropriate, especially publicly listed and large companies, to integrate sustainability information into their reporting cycle. We recognize the need for global best practices on sustainability reporting, and in this regard, we encourage industry, interested governments, as well as relevant stakeholders, with the support of the UN system, to develop a model for best practice and facilitate action for the integration of sustainability reporting, building upon the experiences of already existing national and international reporting frameworks, such as the Global Reporting Initiative, and examine options for capacity building measures for developing countries. We recognize the utility of sustainability reporting and encourage publicly listed and large companies to consider integrating and publicizing sustainability information as appropriate.”