Making a difference at Rio+20

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

We support our 147,000 members and 424,000 students throughout their careers, providing services through a network of 83 offices and centres. Our global infrastructure means that exams and support are delivered, and reputation and influence developed, at a local level, directly benefiting stakeholders wherever they are based, or plan to move to, in pursuit of new career opportunities. Our focus is on professional values, ethics, and governance, and we deliver value-added services through our global accountancy partnerships, working closely with multinational and small entities to promote global standards and support.

We use our expertise and experience to work with governments, donor agencies and professional bodies to develop the global accountancy profession and to advance the public interest.

Our reputation is grounded in over 100 years of providing world-class accounting and finance qualifications. We champion opportunity, diversity and integrity, and our long traditions are complemented by modern thinking, backed by a diverse, global membership. By promoting our global standards, and supporting our members wherever they work, we aim to meet the current and future needs of international business.

The United Nations Conference on Sustainable Development, or Rio+20, is set to take place in June 2012. This paper provides some background to Rio+20 and the 'zero draft' of the summit agreement, explains the importance of paragraph 24 – concerning the integration of sustainability information into corporate reports – of the zero draft, the possible changes to paragraph 24 from zero draft to final agreement, and ACCA and others' opinions.

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Executive summary

From 20 to 22 June 2012 the United Nations Conference on Sustainable Development (UNCSD) will take place in Rio, Brazil. Being held 20 years after the Rio-hosted United Nations Conference on Environment and Development, the UNCSD is better known as Rio+20. Governmental and non-governmental representatives will meet, in one of the largest-ever sustainability summits, to attempt to set out a roadmap for a green global economy and sustainable global development.

This paper provides some background to Rio+20 and the 'zero draft' of the summit agreement, explains the importance of paragraph 24 – concerning the integration of sustainability information into corporate reports – of the zero draft, the possible changes to paragraph 24 from zero draft to final agreement, and ACCA and others' opinions on paragraph 24.

ACCA believes that:

- the development of a framework for integrating sustainability information into corporate reporting would be a key reform for bringing corporate reports into the 21st century
- an effective paragraph 24, by calling for a global framework for the integration of material sustainability information into the corporate reports of listed and large public companies, would emphasise the relevance of sustainability to investors and businesses and spread good practice worldwide
- long-term value is enhanced by companies embedding sustainability into their business strategy and key processes rather than by treating it as an add-on activity; the long-term viability of a company has to be at the heart of corporate decision making
- integrating sustainability information into corporate reports will increase the accountability and transparency of corporate disclosure – both factors that are beneficial for economic and social development
- paragraph 24 should lead to a commitment by UN member states to develop mechanisms for sustainability reporting at a national level; while such national reporting would need to meet global standards, flexibility in the tools applied to meet the standards would allow for country-specific solutions
- paragraph 24 should obligate companies to report on a 'comply-or-explain' basis; this requirement would provide appropriate flexibility and would stimulate substantive board discussions on risks and opportunities arising from sustainable development
- the implementation of the final agreement of Rio+20 will be the summit's greatest challenge; previous summits or attempts at global frameworks have produced ambitious goals, but have failed at the implementation stage

Finally, the paper concludes that while Rio+20 may have more limited ambitions than the 1992 summit, this might help to make goals be more achievable. An effective paragraph 24 would set out precisely the type of well-defined goal for which Rio+20 as a whole should be aiming and would bring real benefit for companies, investors, and the planet itself.

EXPERT VIEWS

In 2011, ACCA set up the Global Forum for Sustainability to bring together some of the leading thinking on sustainability and the role of accountants.

Included in this paper are the thoughts of our forum members and other voices from the accountancy profession.

Introduction

RIO+20

Twenty years after the United Nations (UN) Conference on Environment and Development, Rio, Brazil is again playing host to key figures from the sustainability, development, business, and government bodies. Meeting from 20 to 22 June, the UN Conference on Sustainable Development – better known as Rio+20 – is one of the largest-ever attempts to set out a plan for a green global economy and sustainable global development.

This year's conference is focusing on two key themes:

- a green economy, sustainable development, and poverty eradication; and
- the institutional framework for sustainable development.

Within these key themes, the conference will also be looking at seven critical issues: jobs; energy; cities; food; water; oceans; and natural and financial disasters. The organisers hope that the conference will result in a statement on ways to reduce poverty, advance social equity, and ensure environmental protection on an ever more crowded planet.

Rio+20 is the latest in a series of global conferences aimed at creating the international framework for a more sustainable world. These events date back to a 1972 meeting in Stockholm, Sweden – the UN Conference on the Human Environment.

Stockholm was followed in the 1980s by the UN Commission on Environment and Development – better known as the Brundtland Commission – which set out the perhaps most widely known definition of sustainable development: 'development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs'.

In 1992, to celebrate the 20th anniversary of Stockholm, Rio hosted the UN Conference on Environment and Development – otherwise known as the Earth Summit. At the 1992 summit over 190 world leaders set in motion a group of legally binding environmental and sustainability agreements, including the Rio Declaration and Agenda 21, which set out the guiding principles for sustainable development and concrete steps to be taken.

Follow-up meetings took place in Rio (Rio+5, 1997) and Johannesburg (the World Summit on Sustainable Development, 2002) to identify gaps in achievement and next steps. Unlike the original Rio summits, follow-up meetings have not produced binding outcomes, mirroring the experience of the UN Framework Convention on Climate Change process (UNFCCC – which, incidentally, originated at Rio in 1992): the original enthusiasm and unity that produced the binding Kyoto Protocol on carbon emissions seems to have dissipated. Likewise, Rio+20 is unlikely to produce any legally binding commitments; a set of voluntary sustainable development targets is a more likely outcome.

EXPERT VIEW

BUSINESSES MUST SEE THE COMPETITIVE ADVANTAGE IN BEHAVING RESPONSIBLY

Vincent Neate, head of climate change and sustainability at KPMG in the UK

Human beings do things that change their environment. When it is dark they turn on lights. When they are dirty they wash. When they are cold they put on extra clothes. When they are hungry they eat; if they can. They also get together and do things in groups. Many of these groups get called enterprises and by the 21st century many of these enterprises have become bigger and more powerful than most national governments. When these groups do things the change to the environment can be huge. When the corporation started and the first investors clubbed together they wanted information on what was happening and they wanted it checked, and that is how accounting and auditing were born.

It is a jolly good thing that they were. Without accounting rules and the discipline of audit, the capital markets could never have become what they have become. In the 20 years of my career I have seen incredible change in both fields: internationalisation, proliferation of standards, and the continuous revision and improvement of what has gone before. Nonetheless corporations still fail, the environment is still damaged and the enterprise does not always seem to know how to translate personal values and responsibility into collective values and responsibility.

So as global business heads down to Rio for the 20th anniversary of the Earth Summit there are plenty of reasons for hope but also some harsh criticisms that must be faced. We should

ZERO DRAFT

Starting with the original Earth Summit in 1992, the UN has recognised the importance of non-governmental organisations (NGOs) in sustainable development. Agenda 21 states that:

> *Non-governmental organizations play a vital role in the shaping and implementation of participatory democracy. Their credibility lies in the responsible and constructive role they play in society. Formal and informal organizations, as well as grass-roots movements, should be recognized as partners in the implementation of Agenda 21.*
>
> *To ensure that the full potential contribution of non-governmental organizations is realized, the fullest possible communication and cooperation between international organizations, national and local governments and non-governmental organizations should be promoted in institutions mandated, and programmes designed to carry out Agenda 21. Non-governmental organizations will also need to foster cooperation and communication among themselves to reinforce their effectiveness as actors in the implementation of sustainable development.* (Agenda 21, III, 27.1–4)

To this end, the UN has opened up the initial stages of the Rio+20 process to almost any interested party through the 'zero draft' process. Submissions from 'Major Groups' in 2011 were compiled to produce the very earliest – 'zero' – draft of the Rio+20 agreement in January 2012.

Nine 'Major Groups' are defined in Agenda 21: women; youth; indigenous peoples; non-governmental organisations; local authorities; workers and trade unions; business and industry; the science and technology communities; and farmers. This draft has been reviewed by governments since the beginning of 2012, with the final agreed text to be published at the end of Rio+20. The zero draft and the final version will probably be very different documents.

A ROLE FOR ACCOUNTANTS

Rio+20 is unlikely to produce binding targets or agreements, but whatever the policy outcome, there will be a need for rigorous and credible institutional arrangements to map and assess the fulfilment of any undertakings given, whether voluntary or binding. Those seeking investment or planning activities to promote sustainable development must be able to demonstrate criteria for measuring success or failure if they wish to be credible.

The demands for transparency, measurement, and comparability inherent in any serious international project will require the use of common international reporting guidelines to ensure that data are complete, comparable, transparent and accurate. A lack of trust and transparency, and resort to unilateral approaches could make existing problems worse. Any meaningful commitment to creating a framework for sustainable development will benefit from input from the accountancy profession.

celebrate how seriously 'C-suite' executives are taking the event – more than 250 of them came to our recent New York Summit to develop corporate statements for submission in Rio.

Leading businesses know the importance of sustainability and responsibility but we do need to accelerate their adoption as corporate values. The question of what role transparency should play in that acceleration is a vital one. I personally believe that a choice made in the face of onerous negative consequences might still be a free choice, but it is not a moral choice. If the only reason I do not steal is because I fear the retribution if I am caught then I cannot claim that I am being good. I want businesses to be responsible businesses because they see competitive advantage in it and not because they are forced to be so.

So is forcing transparency on issues of the environment, social impact and governance imposing rules where we should be demanding responsibility? I think not. I started with the view that capitalism thrived in part because of the impact of standards for financial disclosure and checking that disclosure. There have always been protests as those standards have been tightened and improved – but not from those whose interests are being protected.

Public acknowledgement of stakeholder responsibilities and impacts can only be a good thing. If that acknowledgement happens within a common global reporting framework with standards as high for checking as those that exist for financial statements that must be a good thing too. The checking framework exists in ISAE 3000. The challenge for industry groups and particularly the IIRC is to move swiftly and efficiently to standards – from Paccioli (who first recorded a number of bookkeeping methods) to IFRS took something like 500 years. We don't have that much time. So I sincerely hope that an agreement driven by the private sector on transparency can be achieved.

This input can take many forms, from providing assurance or credibility for reports, to assessing risk or governance, providing support for emissions trading, designing economic or market instruments, assessing costs and returns, or analysing social value.

To provide value, the profession must use its technical skills and knowledge to support global sustainability policy formulation and implementation. The profession has the skill-set to provide mechanisms for effectively monitoring and reviewing policy outcomes and performance, and should do its utmost to contribute.

The accountancy contribution will be particularly keenly appreciated in the business world, which is important given the role that businesses play in the development of a sustainable economy. Governments alone cannot achieve change, whether in ideas, funding, or action. Given a lack of firm political consensus or direction among nations on a whole range of issues, from climate change to sustainable development, business often has to fill a leadership vacuum. Besides, it is business and enterprise – public or private – that make up the global economy, rather than governments themselves.

In short, if there are hopes that Rio+20 will achieve a lasting impact, success will probably depend on the response of those in business.

PARAGRAPH 24

The zero draft covers everything from food production and availability of drinking water to city planning and the rights of mountain communities. Of particular interest to the accountancy profession though, is paragraph 24, which covers sustainability reporting requirements and their integration within corporate reports.

For the accountancy profession, the development of a framework for integrating material sustainability information into corporate reports would be a key reform for bringing reporting into the 21st century. While the modern business world has interlinking risks and opportunities, the existing corporate reporting frameworks do not provide adequate opportunities to reflect this. For example, many companies publish their corporate social responsibility (CSR) reports separately from their main reports and sometimes not even at the same time. When new reporting requirements are created for companies, they often lead to new or longer reports rather than any innovations in the presentation of information.

The division of information across different reports makes it hard to infer links or see information in the right context. Ideally, all information should be clearly linked. Short-term information reveals whether the long-term plans are realistic. Long-term goals and measures enable organisations to see the value of short-term achievements. Integrating material sustainability information into corporate reports would help to give a more contextualised impression of an organisation, providing value to investors, businesses, and the public alike. In this regard, the work of the International Integrated Reporting Council (IIRC) is to be welcomed.

EXPERT VIEW

PARAGRAPH 24 IS A LITMUS TEST FOR RIO+20

Alan Knight, Global Forum member

Getting paragraph 24 into the zero draft for Rio+20 is a significant achievement. What comes out the other end may or may not be useful.

I agree with the conference's Secretary-General Sha Zukang that the conference has to focus on action and implementation. A paragraph 24 statement that is reduced to a call to 'encourage', to 'consider where appropriate' or to 'provide access to' is not actionable. How do you implement something so vague?

There must be requirements with the right scope, scale and enforceability. There must be the right international instruments, conventions, standards and technical skills to make integrated reporting happen.

Is the economic and political climate likely to be receptive to such a straightforward position?

The economic climate is pushing hard in the opposite direction. The current rhetoric is inebriated with the spirit(s) of growth at all costs – as the only way to address the massive debt in which we find ourselves.

The race to exploit non-renewable resources is accelerating, not abating. East Africa has suddenly exploded with new and enormous finds of coal, gas and oil – to the extent that a recent headline in Forbes magazine read: 'Peak Oil Off: Great Game On'.

Meanwhile, in the UK at the beginning of 2012, credit card debt stood at £58 billion and remained near the all-time highs reached

Where ACCA stands

We call for a global policy framework requiring all listed and large private companies to consider sustainability issues and to integrate sustainability information within the reporting cycle.

PARAGRAPH 24, SECTION II.D (RENEWING POLITICAL COMMITMENT; FRAMEWORK FOR ACTION), ZERO DRAFT, 'THE FUTURE WE WANT', RIO+20

These 27 words express one clear goal, but it is unlikely that the zero draft's paragraph 24 will make it intact to the final Rio+20 agreement. Should Rio+20 'require' listed companies to consider reporting sustainability issues, or should it just 'encourage' them? Should it be 'listed' or 'large' companies that are covered, or should the term here be just the all-encompassing 'companies'?

There have been disagreements over wording, paragraph placement, and emphasis; even the benefits of the free market are up for debate elsewhere in the document. Disagreements from other sustainability summits have returned like old standards: developing economies that have seen developed economies enjoy few limits on their growth throughout history resent efforts to impose new sustainability rules on economic development now. The inclusion or exclusion of single words could have a major impact on both the scope of sustainability reporting and the extent to which it is integrated into corporate reporting.

Implementation also represents a potential problem for paragraph 24 and Rio+20 as a whole, having caused problems for numerous other international agreements. The UNFCCC process, for example, saw the US sign the Kyoto Treaty but then fail to ratify; Canada ratified but then later unilaterally pulled out. The slow progress of International Financial Reporting Standards adoption by the US is another pertinent example of the pitfalls of trying to achieve global harmonisation of standards.

An effective paragraph 24 would increase the relevance of sustainability to investors and businesses and spread good practice worldwide. The zero draft paragraph 24 would go some way towards achieving this goal, but it needs to be toughened and expanded in the final draft if it is to have a meaningful impact.

In its final form, the paragraph needs to have greater reference to the role of the private sector and accountability, and it could certainly be more action-orientated. As the IFRS and UNFCCC processes have shown, it is the implementation that matters.

The agreed paragraph should lead to a commitment by UN member states to develop mechanisms for sustainability reporting at a national level. While national reporting would need to meet global standards, flexibility in the tools applied to meet such standards would allow for country-specific solutions. In certain countries, it may be most appropriate to adapt company law to require the disclosure of material sustainability information in corporate reports, while in others it might be more appropriate to adapt listing requirements.

before the economic crisis. In 2009 the number of credit cards issued in China increased by 57.7%, and credit card debt increased by 14.4%. Conspicuous consumption is not declining.

Recent Gini coefficient data make clear that inequality is increasing not decreasing. The global average in 1970 was 39.4%; in 2009 it was 46.8%, a whisker's width from the all-time high of 47% set in 2007 at the height of the boom. In the US it is 45%. In China it has now reached 47%. In a perfectly equal world it would be 0.

Yes, we need action, but not just at the margins.

That is why integrated reporting can and should be so important. The process of having to discover and then report on one's material sustainability issues can bring to light a whole new set of value-based concerns and insights that should lead companies to reflect more deeply on, and evolve, their business models and strategies. A green economy will never be achieved without this fundamental re-examination of business models and strategies.

What happens during the redrafting of paragraph 24 at Rio+20 will be a good litmus test for the UN's green economy aspirations. Let's hope we get the right colour.

Paragraph 24 should not call for a blanket approach to mandatory reporting either: the convention should obligate companies to report on a 'comply-or-explain' basis. As the Corporate Sustainability Reporting Coalition (CSRC) – of which ACCA is a member – argues, this requirement would provide appropriate flexibility to meet the needs of different countries and sectors, and would promote substantive board discussions on risks and opportunities arising from sustainable development.

THE RATIONALE

The integration of material sustainability information within the reporting cycles of listed and large private companies allows investors, stakeholders, and organisations themselves to make fully informed decisions. The sustainability information reported should show the impact of an entity's activities on the environments and societies in which it operates, along with information on its policies and how these have been translated into practice. The credibility of such disclosures can be enhanced by engaging with stakeholders and reporting in a way that responds to their requirements and concerns, as well by seeking third-party assurance on the content of reports.

It is the effective integration of information – from strategy and figures to sustainability – within the same report that matters most. The current myriad corporate reports – from the management commentary to the CSR report – all contain valuable information in and of themselves, but the information they contain sits in unconnected silos and often fails to relate performance to the business model. There isn't a shortage of information in corporate reports, but rather a confusion of information. Consequently, the reports' value is stunted.

An integrated approach to reporting would multiply the value of information produced by organisations. It would provide all the information needed to assess how an organisation is performing now and is likely to perform in the future.

A strong paragraph 24 would not only act to enhance long-term value for companies, but would also help with national sustainability plans. Greater transparency would allow governments to understand what the companies operating in their jurisdictions are doing about their environmental and social impacts; help them assess how companies are contributing to national sustainability efforts; create a dialogue between companies and stakeholders – which could include indigenous communities; and increase the accountability of companies for the impacts of their activities.

ACCA AND OTHERS ON SUSTAINABILITY

ACCA has been a long-term supporter and promoter of sustainability reporting and corporate transparency. We established the world's first environmental reporting awards in 1991, became a member of the Global Reporting Initiative (GRI) Steering Committee in 1998, and helped write the first GRI Guidelines, launched in 1999. We are involved in the GRI's G4 process, a two-year revision of the GRI 3.1 Guidelines, due to be launched in 2013 and aimed at initiating a new era of sustainability reporting.

EXPERT VIEW

RIO+20 COULD BE A SPRINGBOARD FOR INTEGRATED REPORTING

Terence Jeyaretnam, founder of Net Balance and Global Forum member

Rio+20's focus on the 'green economy' provides a strong platform for businesses to be engaged in the dialogue on planetary sustainability and to make them part of the solution.

Australian business has generally followed European leadership in business sustainability, including in reporting on non-financial performance. Over the past five years, Net Balance Foundation, in partnership with ACCA, has undertaken 12 studies examining the extent to which various aspects of material non-financial issues are voluntarily integrated within corporate reports in publicly listed firms. The resulting research notes have shown that corporate attention to non-financial issues is increasing and becoming the norm (www.netbalance.com/insights/reports/our-reports).

As non-financial reporting reaches a tipping point, leading businesses would prefer to see their counterparts equally engaging in the open communication of performance beyond financial outcomes. Paragraph 24 presents a monumental opportunity to elevate this movement in corporate reporting to the next level. Obligating companies to integrate material sustainability issues within their reports and accounts on a 'comply-or-explain' basis would not only further engage business in integrating sustainability issues into corporate reporting, but also allow governments and investors alike to align to a global and unified approach on business performance reporting in sustainability. The business pillar of the green economy

We have also participated in other highly respected reporting initiatives, such as the Prince of Wales' Accounting for Sustainability (A4S) programme and the Climate Disclosure Standards Board. Through our own research programme, we have also undertaken a number of detailed surveys on specific non-financial disclosures, such as bribery and corruption, human rights, and human capital management.

ACCA has been an enthusiastic and active supporter of the IIRC since its formation in summer 2011, and ACCA's chief executive is a member of the IIRC's strategic steering committee.

PARAGRAPH 24 – OTHER BUSINESS ORGANISATIONS

The firmest support for paragraph 24 comes from the Global Reporting Initiative (GRI), the World Business Council for Sustainable Development (WBCSD), and the Corporate Sustainability Reporting Coalition (CSRC), which is convened by Aviva Investors.

Like ACCA, GRI and CSRC are supportive of the current paragraph 24, but would like it to go further. The CSRC have also called for a more action-oriented statement, with a stronger emphasis on accountability and the private sector. The GRI and CSRC also back a 'comply or explain' approach to the integration of sustainability reporting. WBCSD has written to national negotiators to call for a strengthened paragraph 24.

KEY POINTS

- The development of a framework for integrating sustainability information into corporate reporting would be a key reform for bringing corporate reports into the 21st century
- An effective paragraph 24, by calling for a global framework for the integration of material sustainability information into the corporate reports of listed and large public companies, would emphasise the relevance of sustainability to investors and businesses and spread good practice worldwide.
- Long-term value is enhanced when companies embed sustainability into their business strategy and key processes rather than treating it as an add-on activity; the future sustainability of a company has to be at the heart of corporate strategy
- Integrating sustainability information into corporate reports will reinforce accountability and transparency in corporate disclosure – both factors that are beneficial to development.
- The integration of all material information – including sustainability information – by major public or private companies within a corporate report allows investors, stakeholders and organisations themselves to make fully informed decisions. The sustainability information reported should show the impact of an entity's activities on the environments and societies in which it operates, along with information on its policies and

platform would therefore be strengthened.

Australian businesses are engaged in dialogues around issues such as integrated reporting and 'report or explain' requirements and are looking for global consensus and leadership. Rio+20 offers an opportunity for global leadership. With a local announcement about carbon reporting stemming from the implementation of a price on carbon in Australia from 1 July 2012, a global declaration on sustainability reporting will see significantly more take-up in Australia.

The corporate sector has demonstrated over time that it is very good at receiving policy signals and innovating to turn these into its own advantage. Over the past 20 years, companies have demonstrated that improved non-financial disclosure brings competitive advantage through increased interest from socially responsible investments; risk management; external recognition; and performance management.

Experimentation and innovation have led to significant improvement in non-financial disclosures over time. Integrated reporting is no different, with over 50 pilots globally helping transform the concept into reality. Three of the pilots are Australian firms. Beyond the pilots, there are a large number of other companies already embarking on 'integrated reports'. This enthusiasm could be harnessed and channelled by a 'report-or-explain' approach initiated by Rio+20.

Net Balance is a signatory to the Corporate Sustainability Reporting Coalition. Net Balance is also represented on a number of GRI steering and working groups, helping shape the next version of the reporting guidelines. Net Balance acts in partnership with ACCA in Australia on research and engagement around non-financial reporting.

Conclusion

how these have been translated into practice. The credibility of such disclosures can be enhanced by engaging with stakeholders and responding to their requirements and concerns, as well as by seeking third-party assurance on the content of reports.

- Paragraph 24 should lead to a commitment by UN member states to develop mechanisms for sustainability reporting at a national level. While national reporting would need to meet global standards, flexibility in the tools applied to meet such standards would allow for country-specific solutions.
- Paragraph 24 should obligate companies to report on a 'comply-or-explain' basis. This requirement would provide appropriate flexibility and would stimulate substantive board discussions on risks and opportunities arising from sustainable development.

Rio+20 should be a 'conference of implementation', declared the conference's secretary-general Sha Zukang at one of the March 2012 preparatory meetings. Mr Sha's optimism is a credit to him, but the issue of implementation will be the biggest test for Rio+20 and, more specifically, for paragraph 24.

The world of Rio+20 2012 is very different from the world of the Rio Earth Summit in 1992. It is notable that global environmental agreements signed during the 1990s, such as Rio or the Kyoto treaty, have encountered serious difficulties in implementation or renewal as time has passed.

It is therefore difficult to imagine that Rio+20 will produce an agreement as broad or ambitious as its illustrious predecessor. Consensus on the required actions is no longer as strong as it once was; the conference itself will last only three days, while the Earth Summit lasted almost two weeks.

To make a difference, Rio+20 needs to have goals that are achievable and actionable. It requires not inspiring or sprawling aims and commitments, but focused, practical goals. The Rio Earth Summit produced a huge range of ambitious goals, but the common complaint has been that these goals have not been achieved. Moreover, the short period of time set aside for the conference will not necessarily have a negative effect on what can be achieved. Negotiations have been underway since before the beginning of the year, while the conference will be the largest gathering of the key players in the sustainability

EXPERT VIEW

RIO IS JUST THE START

Victor Anderson, senior policy officer at One Planet Economy, WWF-UK

The UN Rio conference is unlikely to agree to much that is legally binding. We therefore have to look for other ways in which something can be achieved. Discussions leading up to Rio have identified three ways that are particularly important.

One is the setting of goals and indicators for the world community. The focus has been on a likely agreement to establish a set of sustainable development goals, as part of a new framework of global goals expected to come into operation in 2015. There has also been discussion, with potentially very far-reaching implications for sustainability, of 'natural capital' valuation and 'beyond GDP' indicators.

Secondly, there is the importance of mobilising finance for the realisation of whatever gets agreed in principle at Rio. A key controversial issue here is the phasing out of subsidies for fossil fuels and unsustainable agriculture and fisheries, which would free up government money to be redirected into investment in the natural world and other aspects of the transition to a green economy.

debate for many years; 'face-time' between negotiators in corridors and side-rooms or chance meetings that would otherwise not have happened could be one of the most important outcomes of the conference.

If the success of Rio+20 is predicated on the adoption of achievable goals, then a strong, actionable paragraph 24 would be an important contribution to a successful summit. An effective paragraph 24 would encourage more sustainable behaviour by economic actors around the world: making sustainability an integral part of the information presented to investors and the public would provide companies with an incentive to improve their own performance. By integrating their reporting, companies will also have the opportunity to see themselves in a new light: one that allows them to identify areas of efficiency or inefficiency as never before.

The existing paragraph 24 is a good place to start, but it should go further. It should:

- promote a global approach to integrating sustainability reporting to provide an internationally recognised benchmark level for reporting

- be more action orientated and explain in more detail how a global framework on integrating sustainability into the corporate reporting cycle could be achieved

- make greater reference to the role of the private sector and the importance of accountability

- make it an obligation for companies to integrate material sustainability issues within their reports and accounts on a 'comply-or-explain' basis. This would create flexibility and stimulate substantive board discussions on company approaches.

Integrating sustainability information within corporate reports would be of benefit to companies, investors, and the planet itself; an achievable, actionable measure, with a potentially great reward. Professional accountants have a key role to play in the implementation process, with regard to measurement, reporting, validity, and trust. This implementation process is key to any international agreement: the measure of achievement will be the level of increased disclosure and corporate performance.

Compared with the Rio Earth Summit, Rio+20 may have less ambitious aims; but this may well make them that much more achievable.

A third area is the crucial question of corporate reporting. There is a great deal of support internationally for raising standards, especially on reporting about environmental impacts and risks. Purely voluntary moves by business are progressing, but not fast enough – yet on the other hand, there is virtually no chance that governments will all agree to tighten up reporting on a global and compulsory basis. Yet there is also a whole spectrum of possibilities in between. Whatever the exact wording finally agreed, we need Rio to make as much progress as possible on the corporate reporting issue – despite what has so far been opposition from the US and Canada. WWF is supporting the efforts being led by Aviva and the Corporate Sustainability Reporting Coalition.

There will be many other issues discussed at Rio. It is to be hoped that we will see some progress on arrangements for the governance of the oceans and on introducing green economy strategies that can provide tropical countries with alternatives to continuing deforestation.

The most important fact about Rio, however, is likely to turn out to be that it is not the end of the process. It is increasingly clear that it has acted as a major catalyst for debates, campaigns, and detailed work, and that all this will continue for many years after Rio. In assessing its impact afterwards, we will need to think not only about what actually gets signed and sealed at Rio, but also about what opportunities and connections it opens up for future activity.

TECH-TP-RIO20

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