



GISRTM

Global Initiative
for Sustainability Ratings

GISR Standard Consultation Process: **Principles**

Summary of Public Comments, Exposure Draft & Beta Version



Ceres

2013





Public Comment Process

Exposure Draft

- Released: February 25, 2013
- Survey period:
February 25 – April 3
- Outreach:
 - Mailing list
 - Website announcement
 - Promotion at events
- 126 respondents

Beta Version

- Released: May 21, 2013
- Survey Period:
June 1 – August 16
- Outreach:
 - Mailing list
 - Website announcement
 - Promotion at Ceres, Sustainable Brands conferences; other events
- 49 respondents



Survey Respondents





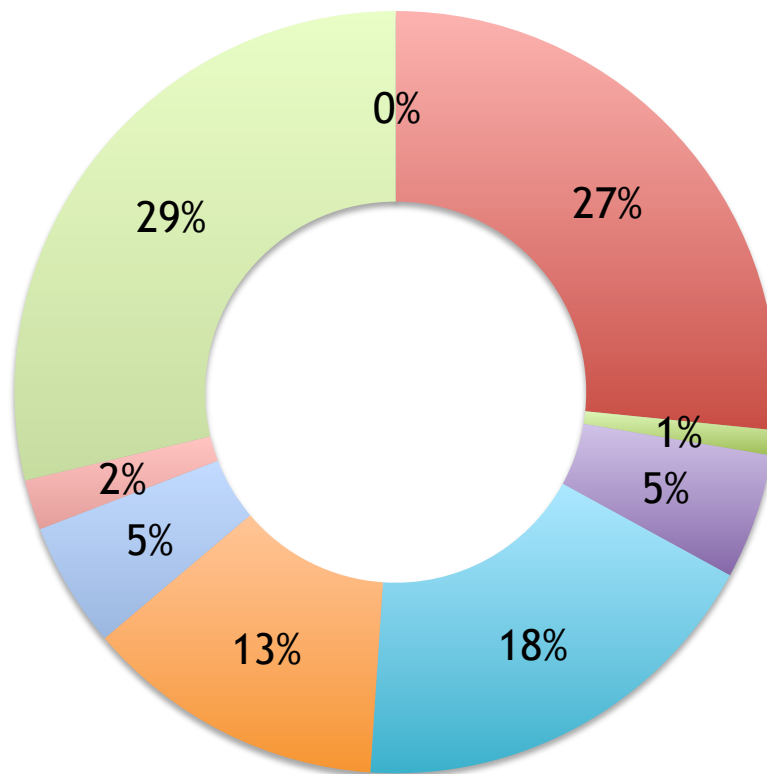
Exposure/Beta Draft Survey Comparison

Percentage of Respondents that “Strongly Agree” or “Agree”

Principle	Core Statement		Interpretive Guidance	
	Exposure	Beta	Exposure	Beta
1. Transparency	77.8%	87.6%	57.9%	78.6%
2. Impartiality	81.6%	75.0%	78.4%	71.4%
3. Continuous Improvement	85.0%	87.6%	83.8%	84.7%
4. Inclusiveness	86.9%	87.6%	70.3%	71.5%
5. Assurability	80.0%	75.0%	50.0%	71.5%
6. Materiality	54.0%	80.0%	51.5%	61.6%
7. Comprehensiveness	83.8%	64.3%	54.0%	61.6%
8. Sustainability Context	83.8%	71.5%	73.0%	38.5%
9. Long-Term Horizon	71.0%	85.7%	63.9%	61.6%
10. Value Chain	77.8%	87.6%	70.3%	71.5%
11. Balance	77.1%	86.7%	69.5%	84.6%
12. Comparability	88.9%	100%	75.0%	64.3%



Beta Feedback Summary



- Company
- Investor - asset owner
- Investor - asset manager
- ESG Rater/Research/Index
- NGO
- Government
- Multi-Lateral Organization
- Other



Feedback Summary - Beta

General/Overall Feedback

- Provide further consideration to consumers
- Provide guidance on raters and -
 - weighting
 - how to deal with partial answers
 - access to raters' data by "users"
 - conflict resolution
 - trending data
 - historical archive
 - audit/compliance
 - issues bias
- Allow for flexibility to meet different needs/niches
- Provide more concrete examples demonstrating Principles
- Avoid over-prescriptiveness



Feedback Summary - Beta

Transparency

- Raters hesitant to disclose methodology/IP
- Conflicts between “rated” and “raters”, via fees and business relationships
- Consider “tiers” of transparency

Impartiality

- Clarify guidance on “Chinese Walls” and “undue influence”
- Justify need for this Principle, relative to “Transparency”



Feedback Summary - Beta

Continuous Improvement

- Provide further guidance on:
 - How to balance improvement with “moving targets”
 - How to communicate updates to stakeholders
- GISR should also commit to continuous improvement of Standard

Inclusiveness

- Provide further guidance on how to include “all” stakeholders in a manageable way



Feedback Summary - Beta

Assurability

- Provide further guidance how external assurance will be conducted and by whom

Materiality

- Provide further guidance on:
 - Who determines what is material to a company (company, raters, and consumers may differ)
 - How boundaries of materiality are established
- Relevance of Principle
 - Change “Materiality” to “Relevance”
 - Further explain how different from “sustainability context” and “comprehensiveness”



Feedback Summary - Beta

Comprehensiveness

- Apprehensive that Comprehensiveness precludes standards focused on a few issues/niche ratings
- Further define capitals and how to weight them

Sustainability Context

- Further explain how to apply this principle
- Provide examples of how to apply this principle
- Provide further definition of sustainability context to be clear; definitions of the term can vary widely



Feedback Summary - Beta

Long-Term Horizon

- Allow for short- and medium-term steps to achieve long-term results
- Need data to help account for long-term horizon

Value Chain

- Allow for influence over consumers, or change to “supply chain”
- Not all investors are interested in “full” value chain; Tier 1 suppliers may be sufficient
- Companies can make changes to supply chain, even if they do not have influence over “deep tier” suppliers



Feedback Summary - Beta

Balance

- Generally supportive
- Provide flexibility in scope of balance to meet needs/intent of raters

Comparability

- Generally supportive
- Need to provide flexibility because not all standards are/should be the same
- Innovation in standards, in small companies, and in different sectors must be accommodated in this Principle



Takeaways

- Principles stable
- Core statements strong
- Interpretive guidance needs improvement
- Areas for clarification/strengthening
 - Value chain diagram
 - Prescriptiveness
 - Materiality



Next Steps

- Compile final comments from Steering/ Technical Review Committees
- Finalize and release Principles Version 1.0 (Q4 2013)
- Launch Outreach, Pilot, and Accreditation Programs