

Global Initiative for Sustainability Ratings (GISR)

Frequently Asked Questions

What is GISR?

GISR is an independent, global, non-commercial, multistakeholder initiative whose mission is to design and continuously improve a generally-accepted ratings framework for assessing the sustainability performance of companies. Over time, GISR intends to gradually expand its coverage to include other asset classes.

Who is convening GISR?

Ceres and Tellus Institute are the principal conveners of GISR, working in cooperation with Founding Partners, Collaborating Organizations, Strategic Partners and other allies committed to building a world-class sustainability ratings framework.

What is GISR's core value proposition?

Sustainability ratings have enormous potential to steer capital, procurement and consumer markets in favor of true sustainability leaders. Indeed, this already occurring to a limited extent thanks to more than a decade of progress in the field. However, realizing the full potential of ratings as a market maker and market mover has been hampered by various conditions: the proliferation of the field into scores of raters each with its own, usually proprietary, methodology; lack of transparency regarding the structure and implementation of methodologies; uneven coverage of key, material sustainability issues; inefficiencies and survey fatigue experienced by rated organizations; and, in some instances, conflicts of interest whereby raters play multiple roles in their relationship with rated organizations. It is time to correct these shortcomings by synthesizing best practices into an independent, non-commercial, dynamic framework that will drive the market toward convergence with a world-class framework created and continuously improved by a mission-driven, non-commercial institution.

Will GISR become a ratings standard?

Yes, eventually. Why? Because a standard is any instrument that serves as a normative, best practice, instrument for advancing a specific social purpose, in this case, the sustainability performance of companies. By analogy, GRI is reporting standard; ISO 14000 is an environmental management systems standard; and FASB and IASB create financial accounting standards for, respectively, national and international applications. In the same mode, GISR will be a normative, best practice instrument tool for advancing sustainability performance assessment.

Standards, of course, come in many flavors. They may be voluntary, quasi-mandatory or mandatory; they may be process-focused, performance-focused or comprehensive; and they may be single issue-focused (human rights, carbon) or integrated (across all major

ESG/sustainability issues). GISR initially will fall into the category of a voluntary standard comprehensive and integrated.

Will GISR actually produce company ratings?

No. Just as GRI itself does not produce sustainability reports (companies do), ISO 14000 does not certify companies (qualified independent certifiers do), and FASB/IASB do not produce financial reports (accounting firms do). GISR's ratings framework may be implemented by a wide range of organizations such as existing raters, new raters, NGOs, accounting/auditing firms, or perhaps a wholly new multistakeholder non-profit that parallels GISR's design. Separating the standard setter from the standard implementer will help GISR avoid mission creep and help ensure its integrity and legitimacy. As part of its business model and strategic plan, it may in the future *certify* ratings implementers for both quality assurance and revenue generation purposes. But that is wholly different function than implementing its own standard.

How does GISR differ from the scores of other sustainability ratings initiatives and groups?

GISR is a global non-profit, mission-driven program aimed at moving markets to the advantage of true sustainability leaders. It seeks to achieve for sustainability ratings what the Global Reporting Initiative (GRI) strives to achieve for sustainability reporting, namely, creation and continuous enhancement of a framework that is designed and managed as a public good to advance the global sustainability agenda.

How will GISR relate to other raters?

A successful GISR will raise the bar for all raters by becoming a generally-recognized benchmark of excellence. Raters, of course, will make their own choices regarding if, and to what extent, they import aspects of GISR into their own ratings methods. If ratings users—asset owners, asset managers, government procurement offices, consumer organizations—view GISR as the leading, most dynamic framework, they will begin pressing raters to align their approaches with GISR. Over time, some raters will do exactly that, others will decide not to. Further, some users will decide to adopt GISR wholesale. How these various scenarios play out is unpredictable. In any case, for GISR, the focus will remain on excellence, transparency and independence. Succeeding on these fronts will ensure maximum uptake in whatever forms that takes.

Can one ratings framework apply to all business sectors?

Yes and no. Yes in the sense that all companies, regardless of sector, size or geography, should be subject to a standard set of process and performance indicators to assess their sustainability performance. No in the sense that different sustainability issues are more or less material to different business sectors. In its initial phase, GISR will focus on generic aspects of its framework. In short order, sector-specific adaptations will emerge.

What are mechanisms through which the GISR ratings framework will influence capital, procurement and consumer markets?

Such mechanisms vary. For capital markets, the GISR framework will strive to become integral to how asset managers contract with asset managers, how asset managers shape investment portfolios, how stock exchanges determine listing requirements, and how securities regulators determine what constitutes material disclosures on the part of publicly traded companies. For government and private procurement, the GISR may be used to screen suppliers to ensure privileged status for strong sustainability performers. For consumer markets, a widely recognized company-level sustainability rating may supplement and strengthen the scores of product-level labeling and certification schemes.

Who will govern GISR?

In its initial phase spanning approximately 18 months, a multistakeholder Steering Committee will oversee GISR. Over time, a Board of Directors likely will assume such responsibility assuming GISR shifts from a program to an independent institution.

What are GISR's key milestones during its first phase?

GISR's schedule calls for a beta version of its sustainability ratings framework in approximately 12 months after launch (mid 2012) and a Version 1.0 approximately 18 months after launch (end of 2012).

What are GISR "Founding Partners?"

Founding Partners (FP) are organizations that are committed to GISR's mission, provide seed funding for the initiative, and serve as ambassadors to their respective constituencies to elevate awareness of and broaden engagement with GISR.

What are GISR "Collaborating Organizations?"

Collaborating Organizations (CO) are organizations whose missions complement GISR's and who seek to maximize synergies through joint and collaborative activities.

What are GISR "Strategic Partners"?

Strategic Partners (SP) are commercial organizations whose business opportunities, products and services will benefit from supporting the GISR process and who commit to financial and in-kind support to GISR on a multi-year basis.

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