



The Reporting Exchange: An overview of sustainability and corporate reporting in Costa Rica

The Reporting Exchange

In 2017, the World Business Council for Sustainable Development (WBCSD), in partnership with the Climate Disclosure Standards Board (CDSB) and Ecodesk, launched the Reporting Exchange. This free online platform has been designed to help business navigate the often-confusing world of corporate reporting.

Compared to the development of financial reporting, the evolution of non-financial reporting has been rapid and fragmented. There are many regulations, reporting frameworks, guidance and tools which influence the corporate reporting process on environmental, social and governance issues (ESG). The resulting reporting landscape has been described in recent reports by the Business and Sustainable Development Commission¹ and ACCA², as complex, overwhelming and there have been calls for more harmonization and alignment.

What are the objectives of the Reporting Exchange?

The primary objective of the Reporting Exchange is to provide much-needed clarity to corporate report writers on what, where and how to report on sustainability issues while supporting clearer, more concise and better-informed reporting of sustainability information.

The Reporting Exchange summarizes and connects ESG reporting requirements and resources from across 60 countries and 70 sectors.

Better quality reporting practices can support better internal and external decision-making on sustainability-related risks and opportunities which, in turn, can influence capital allocations by investors – making more sustainable businesses, more successful.

The Reporting Exchange also provides the evidence base to help drive action towards a more harmonized, aligned and effective corporate reporting environment. The platform maps sustainability reporting provisions across the world's largest economies, showing how and where they link and align.

The Reporting Exchange has also been designed as an open and collaborative space for the many people and organizations active in corporate reporting. It allows the latest developments, insights, good practice to be easily shared across geographic borders and sectoral boundaries which may help accelerate harmonization and alignment of corporate ESG at a global scale.

Case study: Costa Rica

Widely regarded as a world leader in sustainable development, Costa Rica has topped the Happy Planet Index three times³. Their progressive outlook on social policy demonstrates how to decouple economic development and environmental degradation.

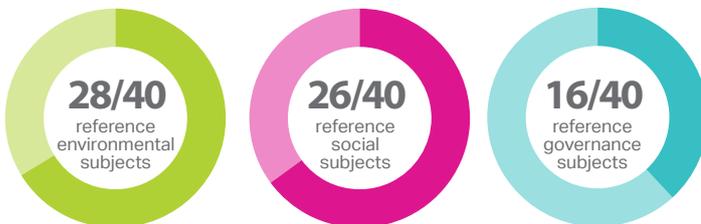
Costa Rica is also present on the Reporting Exchange, and with a national focus on sustainability and social equity, it not surprising that there is a significant number of corporate ESG reporting requirements and resources for the country.

WBCSD and CDSB worked with the Business Association for Development (AED), WBCSD's Global Network partner in Costa Rica, to assess and research these reporting requirements and resources.

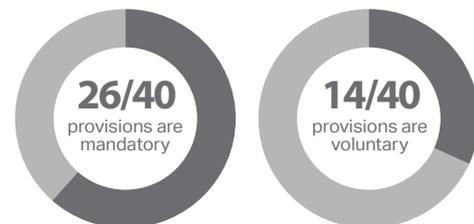
In this country report, Olga Sauma, Executive Director at AED, answers questions about Costa Rica's sustainable development agenda, the role of business in its progress and the status of the Costa Rican corporate reporting landscape.

Costa Rica data snapshot

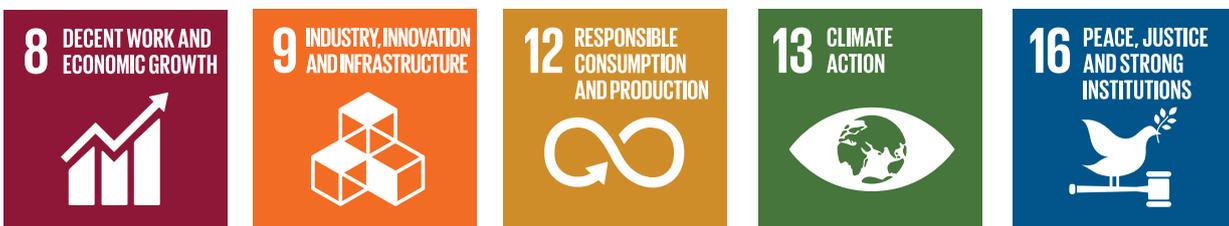
Reporting provisions by subject



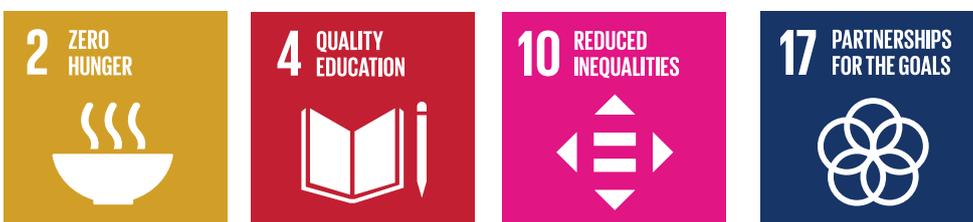
Reporting provisions by obligation



Reporting is most aligned with SDGs



Reporting is least aligned with SDGs



Q. Why is Costa Rica regarded as a global leader in sustainable development?

After abolishing its army in 1948, Costa Rica dedicated the resulting resources to the education and health of its population. This decision was instrumental in helping Costa Rica achieve its high score on the human development index, which is above most other countries in Central America and is one of the highest in Latin America.

After a significant economic crisis in the 1980s⁴, the country's economic model was reevaluated and transformed from one based on the export of agricultural products, to one focused on added value and differentiation. Now, the largest source of income in Costa Rica is sustainable tourism.

With over 23% of land under protection (national parks and other protected areas), our small country currently holds 5% of the world's biodiversity. Over 98% of our electricity came from renewable sources in 2016.

The arrival of technology companies, such as Intel in the late 1990s, helped Costa Rica establish itself as a tech hub. Foreign direct investment (FDI) and free trade zones have facilitated this change, resulting in a shift in employment from manufacturing to skilled professionals. Though a small nation, these actions, along with its long standing democratic tradition, have helped Costa Rica develop a world-renowned reputation on sustainable development.

Q. What are the next big priorities for Costa Rica related to sustainable development?

Costa Rica is currently undergoing peer review in an evaluation process to join the OECD, which is the next step towards further sustainable development. By benchmarking itself against developed countries on issues such as education, health and infrastructure, Costa Rica hopes to better evaluate its own policies and consider what needs must be met and what actions must be taken to move forward.

This process has, so far, raised questions about the impact of Costa Rica's development programs. In recent years, and as part of independent assessment, there have been numerous efforts to measure the impacts of investments, using national and local indicators for different economic, environment and social issues. Examples include the [State of the Nation program](#), the [Social Progress Index](#), and a localized [social progress index](#) for each of its 81 districts.

Q. What is the role of business in the strategy towards sustainable development?

In 1997, a group of 350 business representatives gathered at INCAE Business School for an event aimed at discussing the role of business in sustainable development. Following that meeting, the Business Association for Development (AED) was formed, which since 2002 has been part of WBCSD's Global Network.

AED currently works with approximately 140 companies to better understand their economic, social and environmental impacts, with the purpose of reducing negative impacts and maximizing opportunities. Recognizing that the role of business extends beyond their direct operations, AED has played a key role bringing private-private and private-public partnerships together for development and projects on critical sustainability issues.

More recently, AED has created a fund to guide business efforts towards collective impact initiatives with multiple actors and common goals. The leadership and willingness from the

member companies to share best practices and success stories has been crucial in inspiring other companies from all business sectors, small, medium and large to start their sustainability process. This has made AED the preferred business partner for sustainability and a key player in mobilizing the business sector towards the SDGs and other sustainability agendas.

In 2017, along with the Global Compact Local Network and the Costa Rican Union for Private Sector Chambers (UCCAEP), AED started working on an SDG Industry Roadmap to guide different sectors to better understand their role regarding the national and global development agenda and develop an industry strategy. By linking the SDGs to existing reporting requirements and resources on the Reporting Exchange, we have also been able to see where there are already provisions in place to help companies report their contributions to the SDGs.

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Q. What is currently influencing business and the sustainable development agenda in Costa Rica?

The OECD process has been a major influence on business and the sustainable development agenda. We have looked at standards set by OECD countries, including in relation to corporate reporting and disclosure requirements, to improve our own regulations and legislation. This is in addition to the development of two national processes that are focused on sustainability.

The first process comes within the framework of the 2013 bi-regional dialogue promoted by Community of Latin American and Caribbean States (CELAC) and the European Union (EU) – the 'Alliance for Sustainable Development: Promoting Sustainable Investments'. This Alliance calls for Latin American countries to accelerate efforts towards implementing national action plans on CSR, business, and human rights. This has led to greater calls for companies to disclose ESG related information to improve transparency.

In June 2016, Costa Rica presented its proposed National Policy on Social Responsibility 2017-2030. The purpose of the policy is to promote social responsibility among companies and public and private organizations. It covers seven specific areas, which companies are encouraged to report about, including the promotion of transparency and good governance, social participation and poverty eradication, environment and climate change, supply chain sustainability and social responsibility, and international relations.

The second process is focused on the integration of the Sustainable Development Goals (SDGs) and the 2030 Agenda into national planning, including the promotion of SDGs for business. In September 2016, Costa Rica became one of the first countries to sign a multi-stakeholder National Pact on SDGs.

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Q. Why is reporting and disclosure important in Costa Rica and across Latin America? How does reporting and disclosure support the sustainable development agenda and related plans in Costa Rica?

Corporate reporting and disclosure are becoming more important for every country and every region. Standardized methodologies and frameworks, like GRI and the Integrated Reporting Framework, have made the process clearer and more accessible to companies and institutions around the world.

Costa Rica does not currently have a specific sustainability [reporting requirement](#) for private or public companies to publish sustainability reports. But there are many reporting requirements that ask companies to disclose information in relation to environmental, social and governance issues. These reporting requirements and resources can be found on the [Reporting Exchange](#) and include requirements in relation to waste, water and energy management, biodiversity protection, working conditions and social protections.

These existing reporting requirements are included within a variety of legislation and frameworks, including the [mandatory monthly social security information](#) for all companies (private and public), and [carbon neutrality disclosure and certification](#). These reporting requirements were assessed and complied for the public policy reviews developed for the OECD process, the Social Responsibility Policy and the SDG baseline assessment.

The new [Social Responsibility Policy](#), which is summarized on the Reporting Exchange, encourages the publication of social responsibility reporting based on internationally recognized models, by large public and private companies, government entities and large civil society organizations. In 2017, Costa Rica was one of 31 nations who presented a Voluntary National Review (VNR) at the High-Level Political Forum on Sustainable Development at UN. This review considers progress and challenges related to Sustainable Development Goals, not only from the public sector, but also from private companies and NGOs.

As national progress reviews continue, there is likely to be additional legislation and revision to current provisions across all sectors.

The Reporting Exchange will provide a vital resource to understand and compare requirements from different countries, to help Costa Rica identify good practice, and understand what could work in our circumstances and context.

This Q&A is part of a series of interviews conducted with the World Business Council for Sustainable Development's network.

References

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[2] **ACCA and CDSB (2016) Mapping the sustainability reporting landscape: Lost in the right direction.** https://www.cdsb.net/sites/default/files/acca_cdsb_mapping_the_sustainability_landscape_lost_in_the_right_direction.pdf

[3] **Happy Planet Index (2017) Costa Rica** <http://happyplanetindex.org/countries/costa-rica>

[4] **The World Bank (2017) The World Bank in Costa Rica.** <http://www.worldbank.org/en/country/costarica/overview>

[5] **World Economic Forum (2017) Costa Rica ran entirely on renewable energy for more than 250 days last year.** <https://www.weforum.org/agenda/2017/04/costa-rica-ran-entirely-on-renewable-energy-for-more-than-250-days-last-year/>

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About the World Business Council for Sustainable Development (WBCSD)

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.

Our member companies come from all business sectors and all major economies, representing combined revenues of more than \$8.5 trillion and 19 million employees. Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. WBCSD is uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues.

Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.

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About the Climate Disclosure Standards Board (CDSB)

The Climate Disclosure Standards Board (CDSB) is an international consortium of business and environmental NGOs committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital. Recognizing that information about natural capital and financial capital is equally essential for an understanding of corporate performance, our work builds trust and transparency needed to foster resilient capital markets.

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About Business Association for Development (AED)

AED (Business Alliance for Development) is a Costa Rican non-profit business organization that seeks to advance sustainability and competitiveness, through the promotion of sustainable business models. It is made up of more than 140 companies that work in a coordinated way with the civil society and the public sector through public-private partnerships and best practice exchange in the three dimensions of sustainable development: economic, social, and environment. AED leads practical actions in sustainability, capacity building, developing methodologies, tools, and the creation of alliances in priority issues for competitiveness and sustainable development of the country.



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