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THE OCEAN DISCLOSURE INITIATIVE
A NEW PLATFORM FOR COLLECTIVE CHANGE

One Ocean Foundation's Ocean Disclosure Initiative (ODI) is emerging to fill the void of ocean-focused initiatives. Based on ocean focus, science and ESG alignment, the ODI engages multiple stakeholders. Its structured questionnaire assesses companies' ocean impacts and actions, fostering collaboration and refining strategies. The ODI promises to be a groundbreaking tool for advancing ocean sustainability awareness and action.

OCEAN DISCLOSURE INITIATIVE (ODI)//SUSTAINABILITY REPORTING//SUSTAINABILITY// ESG FRAMEWORK//
GOOD ENVIRONMENTAL STATUS (GES)//GLOBAL REPORTING INITIATIVE

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The Business for *Ocean Sustainability Report, Third Edition: Seizing the Blue Opportunity*[1] (One Ocean Foundation et al., 2023) examined, in part using generative artificial intelligence (GenAI), a comprehensive sample of over 2,500 annual or sustainability reports from international companies. The focus was on analyzing objectives, actions, and outcomes concerning direct and indirect impacts on the ocean.

The study illustrates that sustainability reporting is both widespread and expanding, with 93 percent of surveyed companies indicating that they adhere to at least one sustainability reporting standard. This marks a 7 percent increase compared to the findings of a similar survey conducted by the same research group in 2020 (One Ocean Foundation et al., 2020).

1 This is a project developed by One Ocean Foundation (OOF) in collaboration with the Sustainability Lab of SDA Bocconi School of Management, McKinsey & Company, and CSIC (Spanish Consejo Superior de Investigaciones Científicas).

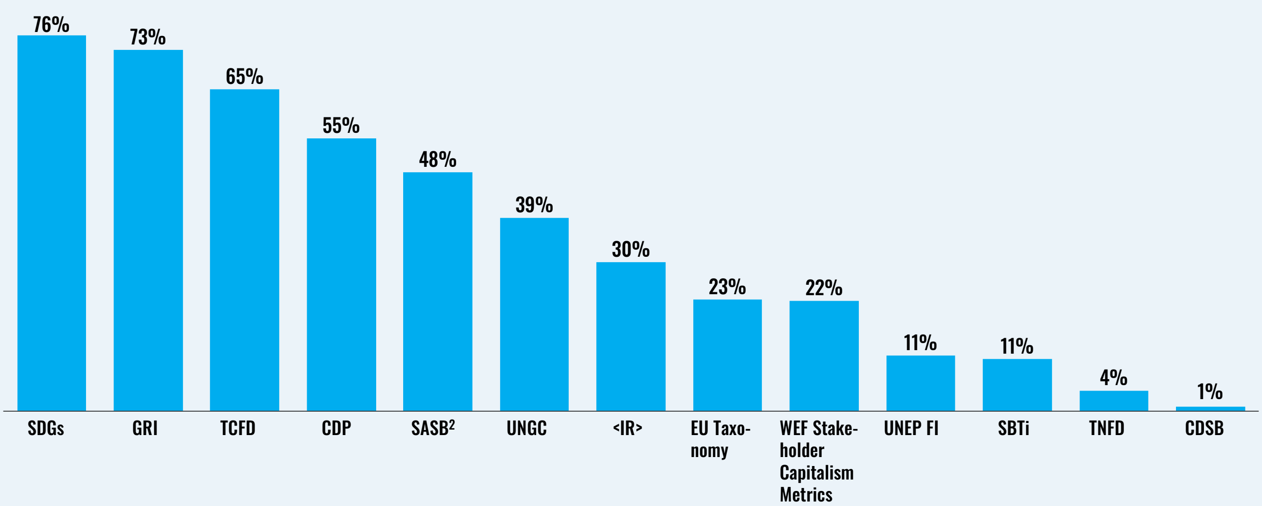
In terms of the various standards and frameworks used (Figure 1), key international ESG initiatives were examined, with a particular focus on the prevalence of initiatives aimed at reporting on ocean-related pressures.
We found that 76 percent of companies reported referencing the *Sustainable Development Goals* (SDGs), the 17 global goals adopted by the United Nations in September 2015 as part of the 2030 Agenda for Sustainable Development. Close behind is the *Global Reporting Initiative* (GRI), cited by 73 percent of companies in the sample, confirming its status as the most widely utilized approach to reporting on the *people*, *planet*, and *profit* dimensions globally.

Among sustainability-related challenges, addressing climate change appears to be receiving particular attention, given the proliferation of standards aimed at ensuring disclosure of various types of information. 65 The *Task Force on Climate-related Financial Disclosure* (TCFD) framework, an initiative launched by the Financial Stability Board (FSB) in 2015, is referenced by 65 percent of companies. This framework provides guidelines for analyzing climate-related financial risks and advocates for the disclosure of clear and consistent information regarding these risks and the opportunities arising from the transition to a low-carbon economy.
The CDP (formerly the *Carbon Disclosure Project*) is a close second, reported on by 55 percent of companies. This indicates that the CDP maintains a significant lead in measuring greenhouse gas emissions and disclosing actions taken to mitigate them, a role it has developed since its inception in 2002. Among the specific frameworks, albeit less prevalent (11 percent), is the *Science-Based Target Initiative*. This initiative aims to compel companies

FIGURE 1. SUSTAINABILITY STANDARDS, INITIATIVES, AND FRAMEWORKS

Most popular ESG disclosure standards, initiatives and frameworks[1]

 # companies mentioning selected ESG disclosure standards/total # companies in the sample, %



1. Natural Capital Protocol, High level Panel for a Sustainable Ocean Economy, Sustainable Shipping Initiative, The Ocean Framework by Fondation de lar Mer, Planetary Boundaries Framework, UN Global Compact |SDG Action Manager have been analyzed but adopted by less than 1% of the companies
2. SASB and <IR> merged in 2021 in the Value Reporting Foundation (VRF). In 2022 the VRF and CSDB were both incorporated in the IFRS Foundation

Source: Authors' elaboration: GenAI approach applied on a sample of 163 Sustainability or Annual Reports (2021) of companies belonging to 6 sectors (Textile & Apparel, Fishing & Aquaculture, Construction, Agri-food, Mining Oil & Gas, Utilities & Electric Power Generation) to set and implement greenhouse gas (GHG) emission reduction targets that are consistent with scientific evidence and the goals of the 2015 Paris Agreement.

This is followed by additional generalist frameworks that encompass all ESG dimensions. We found that 48 percent of companies report using *SASB standards*, developed by the Sustainability Accounting Standards Board, an initiative launched in San Francisco in 201. Covering 77 industries, SASB aims to assist companies in their reporting and materiality analysis processes. SASB is also gaining traction in North America, driven by the Securities and Exchange Commission (SEC) pushing to mandate publicly traded companies to provide information on risks and opportunities related to ESG issues. Meanwhile, the *United Nations Global Compact* is adopted by 38 percent of companies, while 30 percent refer to the *Integrated Reporting Framework*.

Regulatory approaches aiming to encourage disclosure of sustainability information include the taxonomy proposed by the European Union in 2021. Twenty-three percent of companies mention this regulation, introduced to standardize the reporting of sustainable business activities, with a focus on supporting ecological transition and decarbonization investments. The fact that almost a quarter of the sample refers to this recent initiative underscores the significant impact this classification criterion is having on the sustainability disclosure landscape.

Finally, with a narrower distribution, we find the *WEF Stakeholder Capitalism Metrics* (22 percent) and the United Nations-UNEP FI initiative (11 percent), as well as the *Taskforce on Nature-related Financial Disclosure* (4 percent), a novel approach aimed at formulating a specific reporting framework concerning the analysis of pressures and risks arising from interactions between organizations and natural ecosystems.

Despite the plethora of standards intended to foster and bolster disclosure and reporting on ESG issues, the research reveals a dearth of specific initiatives geared towards safeguarding the ocean. Consequently, there appears to be an urgent necessity to develop a suitable tool capable of addressing aspects pertaining to the health of marine and coastal ecosystems. Indeed, in line with the findings of previous studies and publications promoted by the One Ocean Foundation, none of the existing initiatives are tailored for this purpose.

It is therefore paramount to delineate a new tool capable of aiding companies in both gathering and disseminating data and information on pressures affecting the ocean, as well as in implementing measures to preempt and alleviate identified adverse impacts on marine and coastal ecosystems, and to restore their functionality. To bridge this gap, the One Ocean Foundation has committed to developing the *Ocean Disclosure Initiative* (ODI) since 2019 (One Ocean Foundation et al., 2021), the inaugural framework dedicated disclosing data and information concerning ocean sustainability. The aim is to foster heightened awareness among companies across various sectors and within the financial community.

FIRST INITIATIVE TO DISSEMINATE INFORMATION ON OCEAN SUSTAINABILITY

The Ocean Disclosure Initiative is a program designed to assess companies' awareness of and strategic responses to the direct and indirect pressures on marine and coastal ecosystems. Additionally, the proposed approach by the One Ocean Foundation aims to foster a shared understanding among businesses, finance, academia, and civil society.

The ODI is built upon the following distinctive elements:

- *Ocean focus.* The initiative aims to address the absence of standardized guidelines, frameworks, metrics, and indicators for disseminating data and information related to pressures on marine and coastal ecosystems, along with companies' efforts to mitigate these pressures.
- *Materiality.* The focus is on the most significant direct and/or indirect pressures exerted by each company, considering the unique characteristics of each sector.
- *Science-based approach.* ODI seeks to promote the collection and dissemination of data and information rooted in sound and reliable scientific evidence, as well as understanding of social-ecological systems, with the goal of enhancing the health of marine and coastal ecosystems.
- *Broad and comprehensive analysis scope.* The initiative aims to address not only direct pressures on marine ecosystems but also indirect pressures stemming from land-based economic activities affecting the ocean.
- *Consistency with ESG approaches.* ODI aims to adopt a similar rationale to the prevalent ESG risk management standards widely used in the financial community.
- *Multi-stakeholder engagement and early adopter involvement.* Participation is open to various stakeholders, including businesses, finance, academia, research institutions, NGOs, civil society, trade associations, and consumers.
- *Alignment with major existing initiatives.* ODI was established to complement existing standards and initiatives on ESG issues, such as those addressing greenhouse gases or biodiversity, by offering specific expertise in ocean conservation.

QUESTIONNAIRE AND FRAMEWORK STRUCTURE

The core element of the Ocean Disclosure Initiative is a structured questionnaire designed to gather primary information along various dimensions. This questionnaire enables companies to evaluate their level of maturity in ocean protection and aims to map any strategies, goals, and targets adopted, as well as specific activities implemented to prevent, mitigate and/or remediate pressures on marine ecosystems.

A scoring system is associated with the collected and reported information, providing a summarized evaluation of the actions undertaken by each company. This results in a final profile and a numerical value summarizing the company's performance. Furthermore, this approach allows for the comparison of performances among companies operating within the same sector.
To comprehensively address the complexity of interactions between each industry and marine/coastal ecosystems, ODI has adopted a sectoral approach. This approach entails using tailored questionnaires dedicated to each analyzed industry. The questionnaire comprises a set of common questions applicable to all sectors, as well as specific questions addressing "material" issues relevant to each industry.

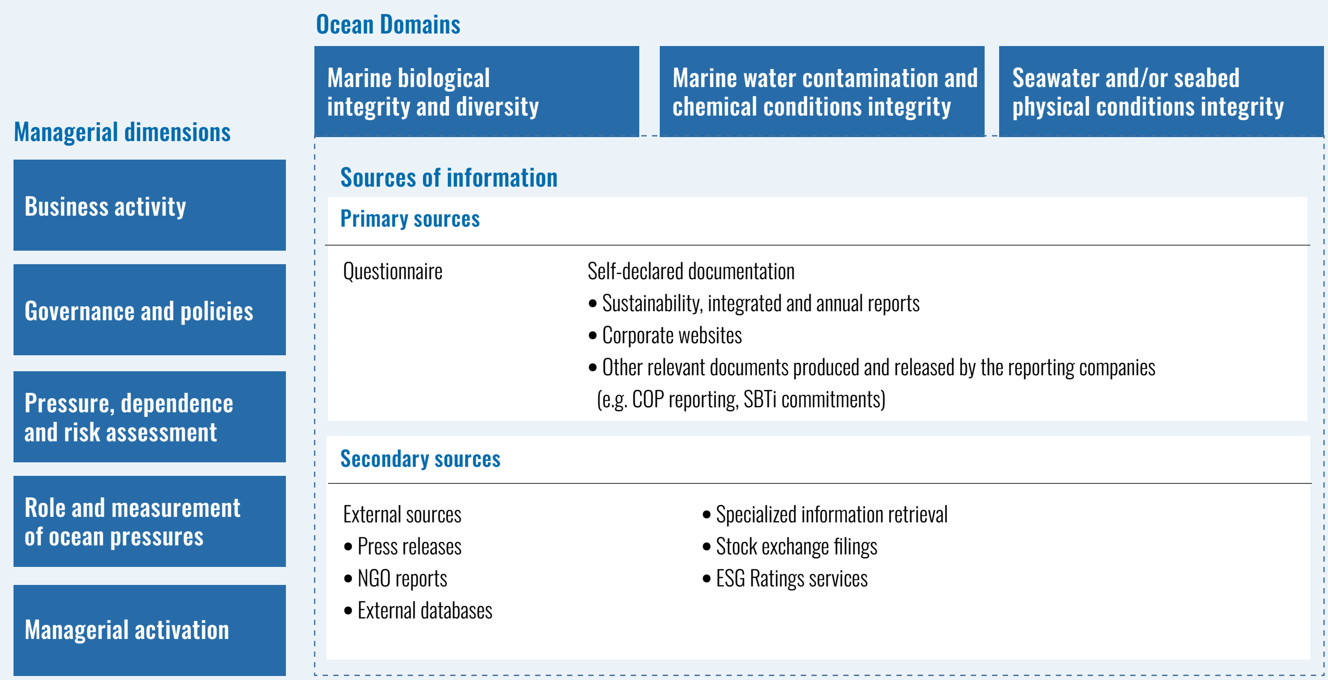
The ODI questionnaire categorizes the various pressures exerted by each company on the ocean into three main areas, termed domains, while the structure is delineated into five key managerial dimensions. The amalgamation of domains and management dimensions forms an integrated model assessing the array of activities companies undertake concerning the marine environment (Figure 2).

More specifically, the eleven *Good Environmental Status* (GES) descriptors identified by the EU in the Marine Strategy Framework Directive are aggregated across the three marine domains. These descriptors serve as indicators identifying the primary components of marine and coastal ecosystems and measuring their health status. Thus, to ensure the functionality and viability of marine ecosystems, all eleven indicators must be measured and monitored.

In contrast, the five management dimensions are employed to assess the level of awareness among companies and to report on the types of strategies and actions implemented. Specifically, this framework aims to equip companies with a tool for identifying and mapping both direct and indirect pressures on the ocean, as well as illustrating the main initiatives implemented to prevent and/or mitigate them.

The ODI methodology is intended to be science-based, using a combination of primary and secondary sources of information validated by the scientific community. Primary sources include the company questionnaire described above, supplemented by additional information generated by companies, such as sustainability reports, financial statements, or other documents available online. Secondary sources, such as industry reports, NGO reports, press reviews, ESG databases, are used to supplement the information and provide further details on the existence of actual or potential controversies involving the company under review.

FIGURE 2. OCEAN DISCLOSURE INITIATIVE (ODI) FRAMEWORK



Source: Authors elaboration on ODI framework. Adjusted from: OOF (2022) Ocean Disclosure Initiative

BUSINESS AND STAKEHOLDER PARTICIPATION IN THE DEVELOPMENT PROCESS

The questionnaires developed under the ODI are tested with selected companies to provide a representative sample of the industrial structure of each sector and the nature of the direct and indirect pressures on ecosystems. Throughout this process, the participation of the business community is paramount for the development, refinement, and improvement of the tool.
Indeed, pilot projects foster close collaboration with participating companies; the exchange of information and knowledge enables the refinement of the questionnaires and facilitates the creation of a more robust framework at the sector level. In addition, there is an annual process of updating the questionnaire to incorporate evolving scientific knowledge and stakeholder demands, as well as to update the relevant regulatory and institutional framework.

THE IMPORTANCE OF THE OCEAN DISCLOSURE INITIATIVE

The Ocean Disclosure Initiative (ODI) aims to establish a common language among business, academia, finance, institutions, and civil society to address and mitigate humanity's impact on the ocean. Designed to complement existing ESG frameworks, this initiative introduces a missing dimension: ocean sustainability. On the corporate front, companies adopting the ODI will enhance transparency and contribute to the preservation of marine and coastal ecosystems.
Simultaneously, the financial sector will leverage ODI profiles to mobilize resources and channel investments towards companies with strategies that aid preventing and mitigating pressures on marine ecosystems, aligning with their sustainability objectives.

In essence, ODI strives to be the premier international platform for empowering businesses to catalyze change, transforming the challenge of ocean conservation into an opportunity for innovation and shared value creation.
This endeavor presents a formidable task, as the fate of the ocean is intertwined with the dynamics of other complex systems, including climate and biodiversity, as well as socio-economic variables such as poverty, hunger, and equality. Nonetheless, protecting the ocean is an imperative prerequisite for achieving a more sustainable development paradigm.

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