GLOBAL REPORTING INITIATIVE (GRI)

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- **The Global Reporting Initiative attempts to make the Triple Bottom Line operational**
- **VISION**

The Global Reporting Initiative's (GRI) vision is that reporting on economic, environmental, and social performance by all organizations becomes as routine and comparable as financial reporting. GRI accomplishes this vision by developing, continually improving, and building capacity around the use of its Sustainability Reporting Framework.

How organizations strategically manage CSR through triple bottom line reporting ?

TBL reporting enables organizations to:

- Measure and manage their financial and non-financial performance and impacts, or lack thereof
- Have their performance and impacts verified independently
- Communicate effectively with consumers,governments, investors, employees, other stakeholders and watchdog groups

The implementation of a TBL reporting approach to CSR is an incremental process, dealing with the complex and contestable issues involved in attempting to effectively integrate economic, environmental and social performance measurement into a single report.

"You cannot talk about CSR unless you love your people and your country"

Qualities and characteristics of information in TBL reports

TBL reports usually contain both qualitative and quantitative information. In order for all reported information to be credible, regardless of whether the information is qualitative or quantitative, it is suggested that it should possess the following characteristics. These include:

Reliability - information should be accurate, and provide a true reflection of the activities and performance of the company.

Usefulness - the information must be relevant to both internal and external stakeholders, and be relevant to their decision-making processes.

Consistency of presentation - throughout the report there should be consistency of presentation of data and information. This includes consistency in aspects such as format, timeframes, graphics, and metrics.

Full disclosure - reported information should provide an open explanation of specific actions undertaken and performance outcomes.

Reproducible - information is likely to be published on an ongoing basis, and companies must ensure that they have the capacity to reproduce data and information in future reporting periods.

Auditability - alignment with the trend towards external verification requires that all statements and data within the report be able to be readily substantiated.

Where the reported information possesses these characteristics, the reporting company is able to present objective, balanced and credible information that delivers benefits to both the reporting company and its stakeholders, while also minimising any potential reputation risk associated with the publication of TBL reporting.

A Progression Towards Triple Bottom Line Reporting

1. Brief marketing publications including newsletters and brochures
2. Inclusion of limited environmental/ social information within statutory reporting
3. Commencement of consistent annual reporting on environmental/ social issues, primarily descriptive in nature with minimal quantitative data
4. Publication of separate environment and/or community reports (emergence of independent report verification)
5. Annual reporting based upon detailed environmental/ social performance data with clear linkage to objectives and outcomes. The report is publicised and provided through a range of distribution channels to stakeholders
6. Integration of economic, environmental and social performance measurement into a single report - Triple Bottom Line reporting

This table is a means of indicating that there is no "one size fits all" approach to communicating TBL-related information to stakeholders.

As discussed above, for companies to derive maximum value from public reporting, alignment with stakeholder requirements, and maintaining the qualitative characteristics of reported information is critical.

For some companies, those forms of reporting identified in the early stages of the progression may be most suitable for the stakeholder groups to whom such reporting is targeted and, accordingly, any progression towards full TBL reporting is likely to be inappropriate, at least initially.

The reporting process

The major steps involved in undertaking the reporting process are:

1. Planning for Reporting

• Understand the national, international and industry sector trends in TBL reporting

• Identify key stakeholders

• Establish the 'business case' and set high-level objectives for TBL reporting

• Secure support from the Board and senior executives

• Identify resource requirements and determine budget

2. Setting the Direction for TBL Reporting

• Engage with stakeholders to understand their requirements

• Prioritise stakeholder requirements and concerns

• Set overall objectives for TBL reporting

• Review current approach and assess capability to deliver on reporting objectives

• Identify gaps and barriers associated with current approach, and prioritise risks associated with overall reporting objective

• Review of associated legal implications

• Develop TBL reporting strategy

• Determine performance indicators for inclusion in report

• Establish appropriate structure and content of the report

3. Implementation of TBL Reporting Strategy

• Implementation of TBL reporting strategy (including required data collection and review processes)

• Clarify relationship to statutory financial reporting

4. Publication of TBL Report

• Prepare draft report

• Review content and structure of report internally, and modify accordingly

• Obtain independent assurance - external verification

• Publish TBL report

• Seek feedback from stakeholders and incorporate into planning for the next period's reporting.

Key challenges

Specific challenges associated with TBL reporting vary from company to company and between industry sectors. In working to overcome challenges associated with the implementation of TBL reporting, the principal areas requiring specific effort include:

• Gaining an awareness of relevant issues associated with TBL to the reporting organisation;

• Obtaining an understanding of the requirements of key stakeholders in relation to public reporting;

• Achieving clarity in relation to the company's objectives and the risks related to reporting; and

• Determining key indicators of environmental, social and economic performance, and basis of measurement.

Managing key challenges

Matters to be considered in addressing challenges in implementation of TBL reporting are summarized in Table 1 on page 26.

Guidelines, frameworks and toolkits have been developed with the purpose of achieving greater standardisation and consistency in TBL reporting. However, given the unique circumstances and issues in different industry sectors, a uniform "one size fits all" approach across all industry sectors is neither practical nor appropriate.

Questions to consider when assessing measurement indicators for inclusion in Triple Bottom Line reports:

• Does the indicator address the requirements and concerns of key stakeholders?

• Is the indicator aligned to company obj ectives and policy?

• Will the indicator provide management with information to guide decision-making?

• Does the indicator adequately convey information about performance that is specific to the industry sector?

• Does the indicator facilitate comparison with competitors?

• Can internal systems generate accurate, reproducible data?

• What is the risk in publishing a specific measure of performance?

• Is it a significant management issue for the reporting entity?

In order to develop metrics that provide a meaningful measure of performance, companies must identify the factors that drive business value and understand the sources of such value. They should seek to identify and develop measurement indicators that align with stakeholder needs and expectations, are consistent with company objectives and strategy, and drive tangible business improvement.

The GRI has committed significant effort to the development of sustainability/TBL indicators and, while prescriptive in approach, these have obtained broad acceptance. The GRI has established two groups of indicators -"Core Indicators" and "Additional Indicators". Companies stating that they comply with the GRI Guidelines are expected to apply the core indicators or explain why such indicators are not applicable.

Additional indicators are those to be used at the discretion of the reporting company. The GRI approach classifies indicators in the three areas of company impact: economic, environmental and social; with each area being further subdivided into Categories and Aspects as illustrated in Table 2. "Core" and "Additional" indicators are then prescribed for each category.

While providing a useful framework for considering performance indicators, the reality for a majority of Australian companies that do not undertake operations in developing countries is that a number of the areas of measurement listed in the *Guidelines* will bear little relevance to their specific business activities.

This reinforces the importance of reporting companies developing indicators in a structured way that reflects their own objectives and the requirements of key stakeholder groups.

Performance indicators are detailed for each of the aspects detailed in Table 2. For example, in the Social Performance Indicators category of Labour practices and decent work, under the aspect of Employment, the *Guidelines* propose the following specific core indicators:

- Breakdown of workforce (where possible) by:
- Region/country
- Status (employee/non-employee)
- Employment type (full time/part time)
- Employment contract (indefinite, fixed term or temporary)
- Identify workers retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.
- Net employment creation and average turnover segmented by region/country.

The following additional indicators are also proposed under the aspect of Employment:

Employee benefits beyond those legally mandated (e.g. contributions to health care, disability, maternity, education, and retirement).

How do I Start Reporting?

What is Sustainability Reporting?

A sustainability report is an organizational report that gives information about economic, environmental, social and governance performance.

For companies and organizations, sustainability – the capacity to endure, or be maintained – is based on performance in these four key areas.

An increasing number of companies and organizations want to make their operations sustainable. Establishing a sustainability reporting process helps them to set goals, measure performance, and manage change. A sustainability report is the key platform for communicating positive and negative sustainability impacts.

To produce a regular sustainability report, organizations set up a reporting cycle – a program of data collection, communication, and responses. This means that their sustainability performance is monitored on an ongoing basis. Data can be provided regularly to senior decision makers to shape company strategy and policy, and improve performance.

Sustainability reporting is therefore a vital step for managing change towards a sustainable global economy – one that combines long term profitability with social justice and environmental care Sustainability reporting can be considered as synonymous with other terms for non-financial reporting; triple bottom line reporting, corporate social responsibility (CSR) reporting, and more. It is also an intrinsic element of integrated reporting; a recent development that combines the analysis of financial and non-financial performance.

A sustainability report enables companies and organizations to report sustainability information in a way that is similar to financial reporting. Systematic sustainability reporting gives comparable data, with agreed disclosures and metrics.

Major providers of sustainability reporting guidance include:

The Global Reporting Initiative (The GRI Sustainability Reporting Framework and Guidelines)

Organization for Economic Cooperation and Development (OECD Guidelines for Multinational Enterprises)

The United Nations Global Compact (the Communication on Progress) International Organization for Standardization (ISO 26000, International Standard for social responsibility)

Uptake of sustainability reporting is increasing among organizations of all sizes: here are some statistics .

Benefits:

An effective sustainability reporting cycle should benefit all reporting organizations. **Internal benefits** for companies and organizations can include:

Increased understanding of risks and opportunities
Emphasizing the link between financial and non-financial performance
Influencing long term management strategy and policy, and business plans
Streamlining processes, reducing costs and improving efficiency
Benchmarking and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives
Avoiding being implicated in publicized environmental, social and governance failures Comparing performance internally, and between organizations and sectors

External benefits of sustainability reporting can include:

Mitigating - or reversing - negative environmental, social and governance impacts

Improving reputation and brand loyalty

Enabling external stakeholders to understand company's true value, and tangible and intangible assets

Demonstrating how the organization influences, and is influenced by, expectations about sustainable development

GRI and Sustainability Reporting

Since 1999, GRI has provided a comprehensive Sustainability Reporting Framework that is widely used around the world. The cornerstone of the Framework is the Sustainability Reporting Guidelines. As a result of the credibility, consistency and comparability it offers, GRI's Framework has become a de facto standard in sustainability reporting.

Sustainability is a journey. Along the way, organizations need to set goals, measure performance, and integrate a sustainability strategy into their core planning. GRI's Reporting Framework allows all organizations to take the first steps towards a sustainable global economy.

Global Reporting Initiative

The GRI *Guidelines* contain information to assist companies seeking to enhance the credibility of their reports through independent verification and assurance. The *Guidelines* highlight five critical areas for consideration by those companies seeking independent assurance:

Internal information systems and processes - investigation and evaluation of the effectiveness of internal systems and processes to provide accurate and meaningful data.

The assurance process - in order to provide value to the reporting company, the assurance process must provide assurance in relation to subject matter, evidence, control systems, and the usefulness of reported information.

Selection of assurance providers - the assurance provider should be independent, be able to balance stakeholder and company needs, have no conflict of interest, be able to commit sufficient time and appropriate resources.

Director's responsibilities - recognition by the Board of the role of the assurance provider and ensuring that sufficient resources and access is made available to the assurance provider serves to enhance the process.

Assurance statements/reports - the GRI offers guidelines on the minimum requirements for inclusion in assurance statements and reports.

In addition, the *Guidelines* identify several issues that companies and other organisations should consider in choosing an independent assurance provider.

Some of the distinctive elements of GRI's Framework – and the activity that creates it – include:

Multi-stakeholder input. GRI believes that multi-stakeholder engagement is the best way to produce universally applicable reporting guidance that meets the needs of report makers and users. All elements of the Reporting Framework are created and improved using a consensus-seeking approach, and considering the widest possible range of stakeholder interests. Stakeholder input to the Framework comes from business, civil society, labor, accounting, investors, academics, governments and sustainability reporting practitioners.

A record of use and endorsement. Every year, an increasing number of reporters adopt GRI's Guidelines. From 2006 to 2011, the yearly increase in uptake ranged from 22 to 58 percent. New audiences for sustainability information, like investors and regulators, are now calling for more and better performance data. Annual growth in the number of reporters is expected to continue, as GRI works for more reporters and better reporting.

Governmental references and activities. GRI was referenced in the Plan of Implementation of the UN World Summit on Sustainable Development in 2002. Use of GRI's Framework was endorsed for all participating governments. Several governments consider GRI's Framework to be an important part of their sustainable development policy, including Norway, the Netherlands, Sweden and Germany.

Independence. GRI's governance structure helps to maintain its independence; geographically diverse stakeholder input increases the legitimacy of the Reporting Framework. GRI's funding approach also ensures independence. GRI is a stichting – in Dutch, a non-profit foundation – with a business model that aims for a degree of self-sufficiency. Funding is secured from diverse sources; governments, companies, foundations, partner organizations and supporters.

Shared development costs. The expense of developing GRI's reporting guidance is shared among many users and contributors. For companies and organizations, this negates the cost of developing in-house or sector-based reporting frameworks.

Bridge building. GRI's basis in multi-stakeholder engagement contributes to its ability to build bridges between different actors and sectors - like business, the public sector, labor unions and civil society - and to mediate.

GRI Guidelines

G3.1 Guidelines

G3.1 is a finalized update of GRI's most recent generation of Sustainability Reporting Guidelines, and is the most comprehensive sustainability reporting guidance currently available.

The G3.1 Guidelines are an update and completion of the third generation of GRI's Sustainability Reporting Guidelines, G3. The Guidelines are the cornerstone of GRI's Reporting Framework.

G3.1 includes expanded guidance for reporting on human rights, local community impacts, and gender. G3.1 was launched in March 2011 and is the most comprehensive sustainability reporting guidance available today.

The G3.1 Guidelines are made up of two parts. Part 1 features guidance on how to report. Part 2 features guidance on what should be reported, in the form of Disclosures on Management Approach and Performance Indicators.

G3.1's Performance Indicators are organized into categories: Economic, Environment and Social. The Social category is broken down further by Labor, Human Rights, Society and Product Responsibility sub-categories.

Indicator Protocols are the 'recipe' behind the Performance Indicators; they define key terms in the Indicator, compilation methodologies, the intended scope and relevance of the Indicator, and technical references. Indicator Protocols provide guidance on how Disclosures on Management Approach and Performance Indicators should be reported.

Guidelines overview

Part 1 – Reporting Principles and Guidance

Principles to define report content: Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness

Principles to define report quality: Balance, Comparability, Accuracy, Timeliness, Reliability, and Clarity

Guidance on how to set the Report Boundary

Part 2 – Standard Disclosures

Strategy and Profile

Management Approach
Performance Indicators

Human Rights and Reporting

HUMAN RIGHT – A CALL TO ACTION

G3.1's improvements to reporting human rights-related performance are the outcome of a joint project that marked the 60th anniversary of the Universal Declaration on Human Rights.

The United Nations Global Compact, Realizing Rights:

The Ethical Globalization Initiative and GRI collaborated on 'Human rights – A call to action'. The project aimed to foster greater integration of human rights principles into corporate sustainability reporting. Subsequently, a multi-stakeholder expert Working Group was assembled to shape greater consensus on what constitutes good human rights practice and measurement for organizations. Recent developments have led to new perspectives on how human rights relate to businesses, with implications for reporting. The revisions proposed by the Working Group took account of these developments. The revisions addressed the policy framework put forward by the United Nations Special Representative of the Secretary General on Business and Human Rights, John Ruggie, and formulated disclosure expectations in the field of human rights due diligence and access to grievance and remedy mechanisms. The project partners also organized three multi-stakeholder workshops in Geneva, Buenos Aires and Seoul. The workshops informed the deliberations of the Working Group.

Reporting on Community Impacts

The Society category features an expanded introduction and new content for Disclosure on Management Approach. In addition, it features an update to an existing Society Performance Indicator and two new Performance Indicators that address the identification, prevention and mitigation measures in place for communities that are significantly affected by an organization's operations.

The improvements featured in the G3.1 Guidelines are the outcome of a working group process and a 2007 joint research project focused on reporting practices. The research project resulted in the publication reporting on Community Impacts.