The Global Reporting Initiative

CR Standard

The Global Reporting Initiative (GRI) is a global network-based organization and sustainability reporting framework committed to continuous improvement. GRI's core goals include the mainstreaming of disclosure on environmental, social and governance performance.

GRI's Reporting Framework is developed through a consensus-seeking, multi-stakeholder process. Participants are drawn from global business, civil society, labour, academic and professional institutions. It sets out the principles and Performance Indicators that organizations can use to measure and report on economic, environmental, and social factors.

Components of the Framework:
- Sustainability Reporting Guidelines "G3 Guidelines" (2006); "G4" is in process (2012)
- Sector Supplements (unique indicators for industry sectors)
- National Annexes (unique country-level information)

This standardized approach to reporting is used by organizations to demonstrate commitment to sustainable development; compare performance over time; and measure performance with respect to laws, norms, standards and voluntary initiatives (GRI 2011).

Activity Sector

Primary: Organizations of all kinds and sizes
Secondary: Countries around the world

Date Developed

2002

Coverage

In 2007, 470 Organizational Stakeholders from 50 countries were involved with the GRI. By 2010, the 3rd Amsterdam Global Conference on Sustainability and Transparency attracted over 1,200 delegates from 77 countries.

GRI also introduced the concept of 'Focal Points' in 2007. A Focal Point can be hosted by another organization whose purpose is in line with that of GRI, or be established as an independent office. The Focal Point acts as an integral part of GRI and fully coordinates its actions with the Secretariat. Focal Points have been located in Brazil, Australia, India, China and the United States. They depend initially on external funding from a combination of sources, including Public/Government grants; Private entity sponsorships; Self-generated revenues from workshops and additional services provided to local stakeholders.

A given Focal Point's value is demonstrated through local expertise and knowledge that is presented to stakeholders in a variety of ways such as:
- Using national case studies
- Recognizing the national ESG reporting priorities, challenges and regulations
- Understanding the local market
- Communicating in the national language
(GRI 2011)

Approach

The process of developing a "Global Reporting Initiative" began in 1997, when Boston-based non-profit CERES formed a division responsible for creating a disclosure framework for sustainability related information. Over the next few years, staffing, fundraising and network development took place and a formal GRI Steering Committee was formed. After the first iteration of the Reporting Guidelines was released, the initiative began to gain some traction; UNEP joined as a partner, and twenty (20) companies began reporting using the Framework which included concepts of Environment, Social, and Governance (ESG). This development stage within CERES ended in 2002, when the GRI Institution was publically inaugurated as an independent organization – upon which time it relocated to the Netherlands, where it was incorporated as a Stichting (Foundation) and operations/assets were then transferred from CERES.

Since 2002, GRI has been established as an independent international institution (a Foundation) based in The Netherlands, having been managed for the five years prior to that by one of its founder organizations, CERES, in the USA. It is structured as a global multi-stakeholder network, overseen by several governance bodies and coordinated by the Secretariat.

One of GRI's strongest standards-development attributes is having its governance bodies comprised of a broad mix of people with diverse skills, education, life experiences and cultural backgrounds. Through its governance voting structure, GRI strives to keep this multi-stakeholder representation in place, as it ultimately helps GRI to retain the credibility it has established for the guidance in the Framework.

In 2006, the Guidelines were coined as "G3" (as in third generation thereof), and the latest set of Guidelines is termed version G3.1. A "G4" version is said to come out in 2012. The drafts have continually included a structured feedback process that engaged hundreds of organizations and experts worldwide. Over the last decade, many working groups and advisory committees were created, including two major governing bodies in addition to the Board of Directors: the Stakeholder Council (SC) and a Technical Advisory Committee (TAC). Further developments include the creation and release of various tools and guidance that are sector-specific, along with a major GRI conference hosted in Amsterdam every two years in order to convene stakeholders.

Content

The GRI Sustainability Reporting Framework provides guidance on how organizations can disclose their ESG performance. It consists of the Sustainability Reporting Guidelines, Sector Supplements and the Technical Protocol (Applying the Report Content Principles). The Framework is applicable to organizations of any size or type, from any sector or geographic region, and has been used by thousands of organizations worldwide as the basis for producing their sustainability reports.

The Sustainability Reporting Guidelines are the foundation of the Framework and are now in their third generation (G3) with the fourth generation under current development. They feature Performance Indicators and Management Disclosures which organizations can adopt (voluntarily, flexibly and incrementally), enabling them to be transparent about their performance in key sustainability areas. The G3.1 Guidelines are the latest and most complete version, which are based on G3 but contain expanded guidance on Local Community Impacts, Human Rights and Gender. While G3-based reports are still valid, GRI recommends that reporters use G3.1, as it's the most comprehensive reporting guidance available today.

For more information on the G3 Guidelines, see the links below:
-   G 3.1 Guidelines: http://www.globalreporting.org/ReportingFramework/G31Guidelines/
-   G3 Guidelines: http://www.globalreporting.org/ReportingFramework/G3Guidelines/
-   G3 Online: http://www.globalreporting.org/ReportingFramework/G3Online/

Sector Supplements are tailored versions of the Sustainability Reporting Guidelines that cover sector-specific issues.

The Technical Protocol – Applying the Report Content Principles provides process guidance on how to define the content of a sustainability report. It helps organizations to produce relevant reports more easily and can be used with the G3.1, G3 Guidelines and with Sector Supplements. For more information on the Protocol, click the link below:
http://www.globalreporting.org/ReportingFramework/G31Guidelines/TheTechnicalProtocol2011.htm

National Annexes have been developed for use in conjunction with the Guidelines, and will address country or regional sustainability issues. For more information:
http://www.globalreporting.org/ReportingFramework/NationalAnnexes/

Application Levels were introduced with the release of GRI's G3 Guidelines in October 2006. The Application Level system provides organizations with a pathway towards continuous improvement of their sustainability reporting. The Levels are intended to motivate reporters to enhance the quality of their reporting over time. Application Levels also meet the needs of reporting organizations in terms of objectively displaying their use of the GRI Guidelines. For more information: http://www.globalreporting.org/ReportingFramework/ApplicationLevels/

<u>Funding</u>
The Global Reporting Initiative (GRI) is a registered not-for-profit Foundation located in Amsterdam, the Netherlands. It relies on the financial and in-kind support of generous contributors from the network who ensure that GRI can deliver its programs and products.

GRI is supported by its global network in the following ways:
- Support from a large international community of Organizational Stakeholders
- Institutional grants from governments, foundations and international organizations
- Corporate and governmental sponsorships and in kind support for projects and events
- Provision of learning and other services

Organizational Stakeholders (OS) provide an essential funding base that ensures GRI continues to progress towards its mission. GRI currently receives institutional support from the Netherlands Ministry of Foreign Affairs, the International Finance Corporation (IFC), the Netherlands Ministry of Housing, Spatial Planning, and the Environment (VROM), the Swedish International Development Cooperation Agency (SIDA) and the Norwegian Ministry of Foreign Affairs (MFA).

To continually improve the content of its framework, GRI sets up technical projects, such as Guidelines revision projects, and Sector Supplements. To respond to pre-existing challenges, GRI runs initiatives and projects that proactively create thought leadership on particular issues. All GRI projects and events are funded by a diverse range of donors from both businesses and governments alike. In-kind support also plays a vital role in assisting GRI in achieving its mission. For example, the following organizations provided in-kind support toward the development of the GRI portal: TATA Consultancy Services, Microsoft, and HP (GRI 2011).

List of Members/Endorsers

(a) Countries

The 2010 listing includes 63 countries* **:**
Andorra, Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Croatia, Czech Republic, Democratic People's Republic of Korea, Denmark, Ecuador, Egypt, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Ireland,

Israel, Italy, Japan, Jordan, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Papua New Guinea, Peru, Philippines, Poland, Portugal, Republic of Korea, Russian Federation, Saudi Arabia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, United States of America, Uruguay, Venezuela

(b) Companies*

Globally, there were 1,837 organizations that submitted reports in 2010, including 66 from Canada (denoted below)*:
Agnico-Eagle Mines (AEM), Agrium, Barrick Gold, Batirente, BC Hydro, Bell Canada, Bentall Kennedy, BMO Financial Group, Bombardier, Canada Post, Capital Power Corporation, Catalyst Paper, CIBC, DeBeers Canada, Desjardins, Domtar, Enbridge, EnCana, ENMAX, Epcor Utilities, Export Development Canada (EDC), Fondation CSN, Fonds de solidarité FTQ, Gammon Gold, Gildan, Goldcorp, GTAA, Horizon Holdings, HudBay Minerals, Hydro Quebec, Iamgold, Imperial Oil, Inmet Mining, Investissement Quebec, Kinross Gold Corporation, Lundin Mining, McCain Canada, MEC, National Bank of Canada, Nexen, Northwest & Ethical Investments L.P., NovaGold Resources Inc., Osisko, Potash Corp., Red Back Mining, RIM, Royal Bank of Canada (RBC), Scotiabank, SOCIETE DE DEVELOPPEMENT ANGUS (SDA), Société de transport de Montréal (STM), Softchoice Corporation, Suncor Energy, Talisman Energy, TD Bank Financial Group, Teck Resources, Telus, The Co-operators, The Promotional Specialists (TPS), Toronto Dominion Bank, TransAlta, Transcontinental, TransLink, Vancity, VANOC - Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games, Xstrata Copper Canada, Yamana Gold

* "GRI Reports List" is an inventory of reports **that GRI is aware of** from 1999 to the present. Updated every week (Wednesday), one can sort by Organization, Country, Region, Adherence Level and Sector. For a full listing of all countries, organization (among other related information) reporting from 1999-2011, visit the link below:
http://www.globalreporting.org/ReportServices/GRIReportsList/

Primary Stakeholder Groups

States, multilateral organizations, transnational corporations, and SMEs

Organizational Stakeholders (OSs) are considered the central source of legitimacy for GRI. They play a key governance role in sustaining GRI as an open, democratic and global network, and in supporting the ongoing development of a high quality Reporting Framework. Key OS benefits include eligibility to vote for members of a Stakeholder Council (SC) that approves nominations for, and makes strategic recommendations to the Board, special access to the GRI network, a variety of opportunities for promotion and recognition, and discounts on GRI products and services.

Secondary Stakeholder Groups

Vendors (i.e., supply chain), civil society organizations, and individuals

Roles of Stakeholder Groups

The Framework is developed through a process of systematic, consensus-seeking dialogue with a large network of individuals from over 60 countries, representing stakeholder groups including business, civil society, academia, labour and other professional institutions. The process is open, inclusive and takes a global perspective on the growing understanding of good reporting on key sustainability issues. The Framework is continuously improved and expanded as knowledge of sustainability issues evolve and the needs of report makers and users change.

The Guideline Development Process

1. Prioritization
- GRI researches the experiences of reporters to date using the existing Guidelines and gathers practitioners' feedback through various mechanisms including, practitioner networks, regional workshops and the multi-stakeholder governance bodies.
- As part of the process of continuous improvement of the Guidelines, the Board of Directors considers this feedback and determines the priorities for improvement. Action on these priorities is then built into the work plans of GRI.

2. Working Group(s)
- GRI convenes small working groups of about 20 experts – drawn from all corners of the globe, and representing different stakeholder groups, including business, civil society, labour, investors, accountants, and others as relevant – who volunteer their expertise to develop the particular document.
- These practitioners draft new guidance through an open platform and after a period of consensus-seeking often lasting one year or more they agree on the document.

3. Public Consultation
- The output of the Working Group is then released into the public domain for 90 days, and all interested parties are invited to submit their comments and suggestions on the document.
- This public consultation period gives the GRI network a voice to engage in the development process. This practice also reinforces GRI's commitment to transparency.

4. Governance Review
- After the public consultation period which has given the network their voice on the document, the feedback is incorporated and the document is finalized.
- This document is then submitted to GRI's Technical Advisory Committee (TAC) who reviews it before passing it to GRI's Stakeholder Council for their review. If the document is deemed as high technical quality, accurate, and developed according to an inclusive multi-stakeholder consensus-seeking process, it is approved.
- TAC then presents the approved document to the Board for their approval.

The organization's 16 member **Board of Directors (Board)** has the ultimate fiduciary, financial and legal responsibility for the GRI, including final decision making authority on GRI Guidelines revisions, organizational strategy, and work plans.

The **Stakeholder Council (SC)** is GRI's formal stakeholder policy forum (similar to a parliament) that debates and deliberates key strategic and policy issues. The SC meets annually and comprises a balance of stakeholder constituencies and geographic regions. The SC's key governance functions include approving nominations for the Board, making strategic recommendations to the group (e.g., future policy or business planning activities). . It is also the "eyes and ears" of the GRI network in its diverse locations and constituencies. Key supporting functions by individual SC members may include participating in technical working groups convened by the Secretariat for guideline developments and advising or actively helping to build the GRI network in their constituencies or regions.

A **Technical Advisory Committee (TAC)** provides high-level technical advice and expertise to the Board of Directors specifically and to the GRI network as a whole. The key functions of the TAC are to recommend direction on the overall architecture of the GRI Reporting Framework and important issues that emerge around the content of the Guidelines. The TAC also ensures that technical documents are created under due process and it submits a concur/non-concur recommendation to the Board on whether to approve drafts of GRI reporting documents for release. The members were each selected for their demonstrated technical expertise in an area linked to reporting and disclosure.

Under leadership of the Chief Executive, the **Secretariat** implements the technical work plan set by the Board of Directors and also manages network and institutional communications, outreach,

stakeholder relations, and financial administration. The Secretariat supports the operations of the Board of Directors, Stakeholder Council and Technical Advisory Committee.

Additionally:
- The **Executive Management Team** is responsible for the oversight of both the GRI work program and the organizational management system.
- The **Chief Executive** (Currently Ernst Ligteringen) is responsible for the oversight of both the GRI work program and the organizational management system. This individual is the contact point for the Board of Directors and is supported by his team.
- The **Guidance, Support, and Innovation Team** has responsibility to develop the GRI Guidelines, Sector Supplements and other research associated with the Reporting Framework. This team also reviews and analyzes reports based on the Guidelines, certifies the content of software tools, and develops learning programs to support Guidelines use.
- The **Communications and Network Relations** group is responsible for building and maintaining key strategic and funding relationships with business, governments, foundations, and others. They are also the key contact points for the Stakeholder Council and Organizational Stakeholders.
- The **Government Relations, International Organizations, Development & Advocacy** (GIDA) team title speaks for itself.
- An **Operations** Team is responsible for human resources, financial management, IT and other functions that keep the secretariat and the network up and running smoothly.
- **Country Focal Points** consist of one or more individuals employed by a host organization to represent GRI locally established through the collaboration between GRI, the national host organization and other national institutions.
- A number of individuals known as **GRI Associates** work with the GRI Secretariat on an ongoing or ad-hoc basis. (GRI 2011)

Stakeholder Engagement Function

This impressive functionality takes place at various levels: including the organization, delegations, SMEs and supply chain. As a network organization, GRI organizes events all over the world to acquaint various stakeholders with the GRI Guidelines. In 2006, GRI organized the *Amsterdam Global Conference on Sustainability and Transparency*, where it launched the G3 Guidelines. Every two years since (i.e., 2008, 2010), the same conference has been held as part of efforts to develop an important, regular network meeting in the field of sustainability reporting worldwide.

Advisory Groups

GRI has actively sought to create advisory groups from different constituencies in society. These advisory groups provide GRI with advice to be considered by GRI's governance bodies as they steer the development of the Reporting Framework and GRI's activities. To date GRI has formally established the Governmental Advisory Group, but will also look to establish additional groups when the need arises.

Established in 2008, the Governmental Advisory Group is a high-level advisory group whose function is to provide the GRI Board and the GRI Executive team with a direct source of advice from governments. In addition, the Group functions as a platform to exchange ideas and experiences between the members themselves. It is an informal body that has no constitutional role within GRI, thereby preserving GRI's independence. Governmental Advisory Group meetings are held twice a year.

For more information on the Government Advisory Group, including its Background, Mandate, Composition, Membership, etc. visit the link below:
http://www.globalreporting.org/AboutGRI/WhoWeAre/AdvisoryGroups/GovernmentalAdvisoryGroup/

The Regional Network Program (RNP)

The RNP was created to meet the increasing demand of national organizations for engagement and to share their sustainability reporting experiences and best practices with GRI. In the past, the Secretariat has collaborated mostly through ad hoc engagements, like Memoranda of Understandings, with strategically relevant partners. Since its inception, the RNP has created ongoing collaborative schemes (listed below) for GRI's representation in different countries that are viewed as essential in reaching GRI's organizational objectives for different regions. Ultimately, the goal is for GRI's regional representatives to build a long-term sustainable business model for activities in the different regions.

(1)Maintaining and increasing stakeholder engagement and outreach at both national and regional level:

-Uniting regional stakeholders in order to help them engage with GRI and to help them participate and share their expertise in the global feedback process

-Continuously improving the usefulness and quality of the GRI Reporting Framework and ESG reporting, for report writers and users.

(2)Creating national, regional and local ownership of the GRI Reporting Framework.

(3)Stimulating harmonization with existing (national) reporting standards and sustainability initiatives.

(4)Coordinating and cultivating relationships with reporting communities and strategic corporate, public and NGO partners.

(5)Driving global change towards a sustainable and transparent economy through the GRI network. (GRI 2011)

Delegations
As the number of reporters and stakeholders grows, GRI is constantly looking for new ways of engaging and collaborating with different regions. An example of this is the concept of "Delegations", implemented at the 2010 Conference on Sustainability and Transparency. This concept was developed as a way of helping countries and regions increase their visibility at the conference. Eight Delegations (representing Abu Dhabi, Brazil, Egypt, Jordan, India, Oceania, Turkey and Scandinavia) were established at the 2010 conference. Each of these delegations consisted of groups of professionals from the private and public sectors, academia and NGOs.

Individuals and SME's
There several other ways in which stakeholders can get involved with GRI to help its mission:
- Becoming an Organizational Stakeholder
- Providing financial support to GRI's general work, or to a specific project or event
- Helping GRI via in kind support

Supply Chain

GRI works on projects around the world to help large companies to reach SME suppliers everywhere and to further improve the supply chain related reporting guidance contained in the GRI guidelines. GRI offers special support to companies in the global supply chain on how to prepare a sustainability report. The Learning Services assist in creating and developing a variety of projects linked to the supply chain and sustainability reporting to meet specific training needs. GRI formed an international multi-stakeholder Working Group which is tasked to develop

recommendations on how to enhance the G3 Guidelines to improve the quality of disclosure on performance with respect to supply chains (GRI 2011)

Site Reviews Function

Although site reviews and/or reporting verification is not required for this standard, GRI offers a variety of training and workshops at both the individuals and organizational level in order to ensure that its supporters are well-informed. For more on this function, visit the link below.
http://www.globalreporting.org/LearningAndSupport/TrainingAndWorkshops/

Reporting Function

According to GRI, an integrated report presents information about an organization's financials along with its ESG (environment, social, governance) performance. For this to be a viable corporate activity, the GRI provides guidance and structural support for a standardized framework to help meld financial standards – such as International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (U.S. GAAP) – with disclosure on ESG indicators. Through active stakeholder engagement and network alliances, GRI creates the conditions to make reporting on these factors more generally accepted and of use in both financial markets and public policy. One of GRI's goals is to increase reporting on ESG factors, by organizations of any type, size, nature, and country.

On 2 August 2010, GRI and the Prince's Accounting for Sustainability Project (A4S) announced the formation of the International Integrated Reporting Committee (IIRC). The aim of the IIRC is to create a globally accepted framework for integrated reporting: a framework that brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format. As the global leader in the field of non-financial reporting guidance, GRI co-leads the development of this framework. GRI's Guidelines will shape the ESG content for the integrated reporting architecture developed by the IIRC. The next generation of GRI's Guidelines, G4, will boost the robustness of the integrated reporting framework, better enabling the analysis and assurance of integrated reports. GRI also represents a large network and a wide range of stakeholders, bringing expertise and thought leadership to the IIRC, enhancing the development of an integrated reporting framework (GRI 2011).

All downloads with regards to the reporting framework can be found at the link below:
http://www.globalreporting.org/ReportingFramework/ReportingFrameworkDownloads/

Robustness of Standard

Medium.
From a process-development standpoint, the GRI guidelines are quite advanced. There are global stakeholders across all sectors and of all types participating in a variety of capacities – in roles including drafting, advisory/feedback, administration/committees/working groups, and more. The process has been evolving for over a decade and emphasizes a continuous improvement methodology. That being said, where the Framework lacks is in a formal verification process. Companies reporting according to the Guidelines still have quite a bit of leeway in how they tailor their content, which can be viewed by critics as more of a marketing mechanism than transparency/disclosure.

Process of Adoption of Standard

Beginning in 1997, CERES (a Boston-based non-profit) formed a "Global Reporting Initiative" project division with the idea of creating a disclosure framework for sustainability information. Around this time, staffing, fundraising and network development began, and a formal GRI Steering Committee was formed (which ran until 2002).

In 1999, UNEP joined as a partner – thus securing a global platform for GRI. The year included the release of a draft of GRI Sustainability Reporting Guidelines, where 20 organizations released reports thereon. The next year the official reporting guidelines were released and massive outreach efforts were made around the globe.

Per the GRI Steering Committee recommendation, the CERES Board decided to separate GRI into its own independent institution in 2001. Thus the focus included institutional development on drafting articles of incorporation and recruiting Board members. Additionally, a structured feedback process engaged 30 companies to supply recommendations on the Guidelines as they stood. The next year, a provisional GRI Board was appointed/announced and the Steering Committee was then dissolved. The GRI Institution was publicly inaugurated at the United Nations in New York City (2002). The organization subsequently relocated to the Netherlands, where it was incorporated as a Stichting (Foundation) and operations/assets were then transferred from CERES. Later that year, a second iteration of the Guidelines was released in Johannesburg, South Africa, at the World Summit for Sustainable Development.

In 2003, the Board approved the business plan for the next two years. A 60 member Stakeholder Council (SC) was appointed and held its first meeting that year. Piloting processes began and sector supplements were completed. The following year, the Structured Feedback Process concluded (having engaged 450 experts worldwide) and was presented to the Board and SC – upon which time the board approved the 2-year plan to develop a next generation of GRI Guidelines and the 100th OS joins the Initiative.

In 2005, the Board approved a 5 year Business Plan. A Technical Advisory Committee (TAC) was appointed, where a major technical revisions process commenced. Subsequently, a Technology Partnership was convened with software providers in anticipation of market demands for digital reporting. TAC also engaged over 100 people worldwide in Working Groups to produce the third generation of GRI Guidelines ("G3"). Draft G3 Guidelines were then released for public comment in 2006, with 270 responses received. A total of 300 partners and sponsors then convened for "Sneak Peek" events (in 28 cities globally) in order to introduce the draft G3 Guidelines to 3000+ participants. Outcomes of engagement and analysis were then assessed by GRI's governance bodies (i.e., Board, TAS, and SC) and integrated into the final G3 (which passed for release by a majority vote). Research, development, and experience in sustainability reporting generated over nearly a decade culminated in a world-class conference in Amsterdam that included the launch of the G3 Guidelines.

In addition to the Board approving the GRI Development Plan for 2008-2012, key milestones for achieved throughout 2007 included:
- The GRI Sustainability Reporting Cycle: A Handbook for Small and No-so-small Organizations (published in English, Spanish, Brazilian Portuguese, German and Portuguese)
- The world's first aggregated sustainability report was issued by Valle de Maipo Chilean Fruit Company
- The *Local Certified Training Program* was initiated – first call for partners in USA, Brazil and India.

After its launch the year before, the 2008 results of the *GRI Readers' Choice Awards and Survey* were revealed with opinions from sustainability report readers. Additional outcomes from the year included:
- The Global Action Network for Transparency in the Supply Chain was established (following the success of the GRI/GTZ Supply Chain Project that began in 2007)
- The first GRI Certified Training Partners were certified in several countries
- GRI partnered with Realizing Rights, The Ethical Globalization Initiative, and the UN Global Compact to develop better guidance for human rights reporting

- GRI convened a Working Group to review guidance on how to determine sustainability report content and materiality
- GRI established a Governmental Advisory Group - a high-level advisory group to provide the GRI Board, the GRI Chief Executive and group members with ideas, information and questions from the government sector

In 2009, the GRI Board issued the Amsterdam Declaration on Transparency and Reporting, which called on governments to require ESG disclosure from companies. GRI and the Association of Chartered Certified Accountants partnered for the research project *High Impact Sectors – the Challenge of Reporting on Climate Change*.

Last year, A Memorandum of Understanding was signed between GRI/OECD and GRI/UNGC, and the Swedish International Development Cooperation Agency begins core funding relationship with GRI. Additionally, GRI and the Carbon Disclosure Project released a linkage document aligning their reporting instruments. That same year, a G3.1 revisions process began with the Working Groups that were established to initiate Guideline updates on human rights, gender, local community and report content (GRI 2011).

Scale of Application

The table below includes an aggregated listing of organizational bodies that have participated in the GRI Framework over the last decade (GRI 2011).

Year	Sustainability Reporting*	Organizational Stakeholders**	Countries Represented
1998	-	-	-
1999	20	-	-
2000	50	-	-
2001	80	-	-
2002	150	-	
2003	325	60	***
2004	500	100	***
2005	750	225	***
2006	850+	330+	***
2007	***	470	50
2008	***	507	55
2009	***	***	***
2010	1,837	***	***

* Number of organizations that released sustainability reports based on the GRI Guidelines.
** Number of members in the Organizational Stakeholder (OS) program

Problems

The standards literature and EthicScan's team identify various problems with this CR standard:

GRI as a sustainability reporting institution has faced criticism due to the fundamental dilemma faced because it has used such an inclusive, multi-stakeholder participation process in its mission. In having done so, there are references to several "balancing acts" (such as those denoted below) under its umbrella which has subsequently resulted in some crucial tradeoffs, along with leaving a "legacy of unresolved tensions as the institution has emerged." The competing objectives include (Brown, de Jong, Lessidrenska 2007):

- Individual vs. collective interests
- Broad consultation vs. efficient pursuit of technical objectives
- Holding a vision of social change vs. setting attainable instrumental goals
- Building new institutions vs. challenging the existing ones (and power relations)

Additionally, although few critiques have come out of the March 23, 2011 G3.1 guidelines thus far, the previous GRI guidelines (G3) have received a variety of criticisms in the past, including:

(a) The Performance Indicators are both too vague and subjective (Knudsen, 2007).
(b) Businesses are an influential group of GRI's funders, causing some to question the strength of the Framework – as such a level of business influence could dilute it (Knudsen, 2007) and (BITC, 2008).
(c) Companies can report on many of the core indicators through a description of their activities, which undermines or removes the prescriptive science behind it. Many organizational initiatives can thus be made to sound better than what they might actually be (Knudsen, 2007).
(d) The GRI creates an unrealistic bar by setting the standard too high (BITC, 2008).
(e) Others conclude that the Performance Indicators have moved too far from the realities of business (BITC, 2008).
(f) Critics of reporting are unsure about the credibility of social reporting, especially because there is little to validate the corporation's claims in order to raise confidence – such as transparent, third party and independent auditing by a credible organization (Hartman and Morlan, 2007).
(g) There are no requirements for disclosure of third party compliance certifiers (CGA-Canada, 2006).
(h) Often, sustainability or corporate social responsibility (CSR) is viewed as a marketing tool to investors and thus loses credibility (Kaye, 2010).
(i) G3 guidelines are complicated and the format is difficult to understand (Hartman and Morlan, 2007, pp 19-20).

As an example of stakeholder feedback, in a 2006 analysis of the draft G3 Guidelines, the Certified General Accountants provided the summary feedback below (CGA 2006):

Summary

The table below attempts to summarize our recommendations regarding the content of a sustainability report based on the definition of Relevance and Materiality and disclosures relating to Reporting Level and Assurance.

Basis for Disclosure	Full Application of Guidelines	Incremental Approach
Required	Core Disclosures: • Disclosure Items (including Reporting Level and Assurance disclosures) • CORE Indicators • Sectoral Indicators (if available)	• Reporting Level • Other Disclosure Items (ie. Report Scope, Boundary, Assurance)
Dependent on principles of Inclusivity, Sustainability Context, Relevance and Materiality and Completeness and further guidance on Reporting Levels	Additional Disclosures: • Additional Indicators • Content of Disclosure on Management Approach • Other material issues and performance	• All Indicators, Disclosure Items, and other *material* disclosures within scope of Reporting Level selected

CR Choices Not Taken

EthicScan suggests that certain potential corporate responsibility (CR) Standard choices that the GRI does not take into account, include:

(a) Mandatory standards could be put in place, where GRI gives its "seal of approval" for organizations reporting under the Framework
(b) GRI could require that those creating the reports are officially certified under a GRI training program
(c) GRI could lobby governments to promote (and/or provide funding for) this standard method of reporting to give a more accurate depiction and/or comparison of sectors, etc.
(d) State-level affiliations could provide stricter monitoring, reinforcement and application of the Guidelines, including penalties for false claims and/or unverified reports
(e) GRI provides its online tools and guidance complementarily and does not charge organizations who simply want to be able to report under the Framework.

Upgrades Since Commencement

Below is a timeline for GRI publications issued, along with Sector Supplements (tailored versions of the GRI Guidelines), that have been produced since the GRI was inaugurated in 2002.

Year	Drafts/ Initiated	Pilot Versions Completed	Launched/ Released	Publications Issued
2003		Pilot versions of the Tour Operators and the Telecommunications		
2004	Financial Services	Mining and Metals		
2005		Logistics & Transportation and Public Agencies	Boundary Protocol	
2006			Logistics & Transportation	
2007	Food Processing; and NGO			Reporting the Business Implications of Climate Change in Sustainability Reports; Biodiversity Resource Document; Making the Connection
2008	Airport; Construction & Real Estate; Electric Utilities	Apparel and Footwear		
2009	Airport; Oil & Gas; Construction & Real Estate; Events & Media		Electric Utilities	Corporate Human Rights Reporting – an Analysis of Current Trends; Reaching Investors – Communicating Value Through ESG Disclosure; A Resource Guide to Human Rights Reporting; Embedding Gender in Sustainability Reporting – A Practitioners Guide
2010			Mining and Metals; NGO; Food Processing	GRI Reporting in Government Agencies; GRI-ISO 26000: How to use the GRI Guidelines in combination with the ISO 26000; Connecting IFC's Sustainability Performance Standards and the GRI Reporting Framework; Carrots and Sticks – Promoting Sustainability and Transparency

The GRI Ambassador Program is currently under development for former members of staff or members of a governance body. When the formal program is established, GRI's plan will be to recruit and collaborate with these Ambassadors as a way to meet its mission by building on the knowledge and capacity of their prior involvement with the organization.

The GANTSCh Program

The Global Action Network now has three companies on board to take up the challenge of bringing sustainability and transparency to their supply chains (GANTSCh program). This Program was designed to develop capacity building projects that bring transparency and sustainability reporting to groups or clusters of organizations. One of the objectives is to focus on Multinational Enterprises (MNE) by collaborating with MNEs that want to embed sustainable practices & reporting within their supply chains – which often consist of Small and Medium Enterprises (SME).

GRI is looking to support MNEs and their suppliers to face today's challenges by delivering a platform through which MNEs can provide support to their suppliers, enabling the embedding of a transparent sustainability reporting framework throughout the supply chain. As such GRI develops capacity building projects with clusters of SMEs, suppliers and other organizations through engaging and collaborating with MNEs, government agencies, industry associations and trade groups that understand the benefits that sustainability reporting can bring to the global marketplace.

The foundation of the GANTSCh program lies in the Certified Training Program which is facilitated by GRI's rapidly expanding network of Certified Training Partners. During the certified training, suppliers become aware of sustainability in general as well as gaining the theoretical knowledge of the 5-phases that make up the GRI sustainability reporting process. The second half of the project focuses on the practical side in which suppliers actually go through the 5-phases of the sustainability reporting process themselves. During this practical half, suppliers are guided by a local sustainability consultant and supported by GRI developed learning materials and publications. The goal of the project is that SMEs produce their first GRI Level C sustainability report.

This initiative is a result of the great success of the GRI/GTZ Transparency in the Supply Chain project, which allowed eleven SME supplier companies across six countries, in partnership with their buyers (Daimler, Otto Group, Puma, and Telefonica), to produce GRI G3 sustainability reports.

Links to Other Standards

(a) **International**

GRI has **Global Strategic Partnerships** with the following international organizations:
OECD; UNEP; UNGC; CDP.

OECD Guidelines
The Guidelines are recommendations addressed by governments to multinational enterprises operating in or from adhering countries
http://www.oecd.org/department/0,3355,en_2649_34889_1_1_1_1_1,00.html

United Nations Global Compact (UNGC)
http://www.unglobalcompact.org/
A voluntary strategic policy initiative based on 10 principles that cover human rights, labour, environment and anti-corruption.

Earth Charter Initiative
www.earthcharterinaction.org
The Charter is a declaration of fundamental ethical principles for building a just, sustainable and peaceful global society in the 21st century.

Equator Principles
http://www.equator-principles.com/
A voluntary set of standards for determining, assessing and managing social and environmental risk in project financing.

Carbon Disclosure Project
www.cdproject.net
The Carbon Disclosure Project is an independent not-for-profit organization holding the largest database of primary corporate climate change information in the world. New co-development proposal involving CDP questionnaire and GRI reporting in April 2011.

ISO 26000
http://www.iso.org/iso/social_responsibility
A voluntary International Standard that serves as guidance for social responsibility in order to help all types of organization in both the public and private sectors to consider implementing it as a way to achieve the benefits of operating in a socially responsible manner.

SAI Global
http://www.saiglobal.com/Improve/ExcellenceModels/BusinessExcellenceFramework/Principles.htm
SAI's business management philosophy draws on the expertise developed over 19 years by a community of multi-disciplined experts. This philosophy is built around eight business excellence principles.

(b) **Canadian/other**

FASB: US Generally Accepted Accounting Principles (U.S. GAAP)http://www.fasab.gov/accepted.html

"The term "generally accepted accounting principles" has a specific meaning for accountants and auditors. The AICPA Code of Professional Conduct prohibits members from expressing an opinion or stating affirmatively that financial statements or other financial data "present fairly... in conformity with generally accepted accounting principles," if such information contains any departures from accounting principles promulgated by a body designated by the AICPA Council to establish such principles."

Principal Supporting NGOs
(a) NGOs specifically noted in the GRI development process (GRI 2011):

CERES
http://www.ceres.org/
A national network of investors, environmental organizations and other public interest groups working with companies and investors to address sustainability challenges

Realizing Rights: The Ethical Globalization Initiative
http://www.realizingrights.org/
The initiative is committed to convening key stakeholders in new alliances to integrate concepts of human rights, gender equality and enhanced accountability into efforts to address global challenges and governance shortcomings.

Association of Chartered Certified Accountants (ACCA)
http://www.accaglobal.com
ACCA is the global body for professional accountants.

Swedish International Development Cooperation Agency
http://www.sida.se/
Sida works according to directives of the Swedish Parliament and Government to reduce poverty in the world.

Prince's Accounting for Sustainability Project (A4S)
http://www.accountingforsustainability.org/home/
Brings organizations together to develop practical tools to enable environmental and social performance to be better connected with strategy and financial performance, and thereby embedded into day-to-day operations and decision making.

International Financial Reporting Standards (IFRS)
http://www.ifrs.org/Home.htm
The IFRS Foundation is an independent, not-for-profit private sector organization working in the public interest. Its principal objectives are to develop a single set of high quality, understandable, enforceable and globally accepted international financial reporting standards (IFRSs) through its standard-setting body, the IASB; to promote the use and rigorous application of those standards; to take account of the financial reporting needs of emerging economies and small and medium-sized entities (SMEs); and to bring about convergence of national accounting standards and IFRSs to high quality solutions.

(b) Per the GRI website, other organizations affiliated with the Guidelines include:

The Earth Charter Initiative
GRI's alliance with the Earth Charter was established in 2008, and the Memorandum of Understanding was renewed at the Amsterdam Global Conference on Sustainability and Transparency in May 2010. In 2008, GRI published a document detailing the synergies between the G3 Guidelines and the Earth Charter (GRI & ECI 2008).

International Finance Corporation (IFC)
GRI's Sustainability Reporting Framework was linked to the IFC's Sustainability Framework via a collaborative report which includes Environmental and Social Performance Standards for private sector investment. It emphasizes the value of integrating sustainability into core business strategy and management, and responds to the pressing need for improvements in corporate transparency – both to restore trust in the private sector and to attract investment that is increasingly guided by ESG factors (GRI & IFC 2010).

International Organization for Standardization (ISO)
The first ever ISO Guidance Standard on Social Responsibility, ISO 26000, published in November 2010, emphasizes the value of public reporting on social responsibility performance to internal and external stakeholders, such as employees, local communities, investors and regulators. In a 2010 linkage document, the synergies between the GRI disclosures and the ISO subject areas were highlighted (GRI 2010).

The United Nations Conference on Trade and Development (UNCTAD)

GRI and UNCTAD signed a Memorandum of Understanding in 2008. The Program of Cooperation aims at promoting a greater understanding of and participation in the processes that set internationally recognized sustainability reporting standards, which was done in order to foster sustainable development in developing countries and transition economies, and to facilitate investment and business linkages (GRI 2008).

Headquarters

Amsterdam, The Netherlands

Interview Section

Candidates for Interview

Nelmara Arbex, Director, GRI
narbex@globalreporting.org

Lena Wokeck, Peter Westra, Mike Wallace, Katherine Miles
GRUI, Global; Telephone: +31(0) 20 531 00 00
TBD – See "Industry Experts" below

Mark Brownlie, GRI North America
617 268 9384

Interview Q1

How would you describe the level of sophistication of your sector's corp[orate responsibility (CR) program?

TBD

Interview Q2

Which of the following functions does the program satisfy?:
- **Audit Standard**
- **Reporting Standard**
- **Reporting Guidance/Structure**
- **Accreditation Standard**
- **Public Complaint Resolution**
- **Member Complaint Resolution**
- **Other**

TBD

Interview Q3

How widespread is the acceptance or adoption of the program in your sector?

TBD

Interview Q4

Which of the following factors best explains the genesis of the program?
- **Corporate leader led initiative**
- **Public criticism**
- **Anticipate regulatory developments**
- **Standards in other sectors**
- **Standards in other countries**
- **Other**

TBD

Interview Q5

What impact has the standard had on how CR is treated and perceived?
- **corporate leader led initiative?**
- **public criticism?**
- **anticipate regulatory developments?**

TBD

Interview Q6

Have modifications to the standard been necessary and, if Yes, why?

TBD

RESOURCES

Relevant Websites

Global Reporting Initiative
www.globalreporting.org/
Website accessed on April 10, 2011.

The GRI also produced an interesting report on global standards, entitled "CARROTS AND STICKS – PROMOTING TRANSPARENCY AND SUSTAINABILITY – An update on trends in Voluntary and Mandatory Approaches to Sustainability Reporting":
http://www.globalreporting.org/NR/rdonlyres/9D5B9B26-B7CE-4AB4-B32E-1D7C84D9B8ED/4198/Carrrots2010final.pdf

Articles/Journals

"Briefing note: The Global Reporting Initiative," Business in the Community (BITC), November 2008, accessed March 28, 2011, www.bitc.org.uk/document.rm?id=8454.

Leon Kaye, "GRI Rings The Closing Bell At NASDAQ-And Opens A New Movement For ESG Reporting," Just Means, May 27, 2010 2:09 AM CDT, accessed March 28, 2011, http://www.justmeans.com/GRI-Rings-Closing-Bell-at-NASDAQ-Opens-A-New-Movement-for-ESG-Reporting/16141.html

Laura Hartman and Mollie Painter-Morlan, "Exploring the Global Reporting Initiative Guidelines as a model for triple bottom-line reporting," DePaul University: July 2007, 19-20, accessed March 28, 2011 http://works.bepress.com/cgi/viewcontent.cgi?article=1017&context=laurahartman&sei-redir=1#search="Global+Reporting+initiative+criticism

GRI Press Release. Global Reporting Initiative and UNCTAD Sign Cooperation Agreement. November 6, 2008, accessed on March 28, 2011, http://www.globalreporting.org/NewsEventsPress/PressResources/2008/PressRelease_11_Nov_2008.htm

Comments Regarding Global Reporting Initiative's Draft G3 Sustainability Reporting Guidelines," Certified General Accountants Association of Canada (CGA-Canada), March 28, 2006,

Vancouver, B.C., http://www.cga-canada.org/en-ca/ExposureDraftResponses/ca_exd_2006-03-28_g3.pdf

Jette Steen Knudsen, "Working Group 1 Measuring CR Impact: the Global Reporting Initiative (GRI)," Copenhagen Business School (Department for International Economics and Management). June 27, 2007, http://www.rare-eu.net/fileadmin/user_upload/documents/conference_contributions/Other_speakers/RARE_Conference_WG1_-_Steen_Knudsen.pdf.

Global Reporting Initiative & the Earth Charter Initiative. (2008). *Earth Charter: The Earth Charter, GRI, and the Global Compact: Guidance to Users on the Synergies in Application.* http://www.globalreporting.org/NR/rdonlyres/EC39A0A7-0947-4F6D-9AE3-AE73758C8756/0/TECGGReportweb.pdf

Global Reporting Initiative & and the International Finance Corporation. (2010). *The Good Practice Note: Getting More Value out of Sustainability Reporting*, http://www.globalreporting.org/NR/rdonlyres/AD78EDD1-40F4-4DDA-A450-608D1694D325/4306/IFC_GRI_GettingMoreValueOutofSustainabilityReporti.pdf

Global Reporting Initiative. (2010). *How to use the GRI Guidelines in Combination with the ISO 26000 Guidance on Social Responsibility.* http://www.globalreporting.org/NR/rdonlyres/E5A54FE2-A056-4EF9-BC1C-32B77F40ED34/0/ISOGRIReport_FINAL.pdf

Brown, Halina Sezjnwald, Martin de Jong and Teodorina Lessidrenska, 2007, "The Rise of the Global Reporting Initiative, Working Paper No. 36. Cambridge, MA: John F. Kennedy School of Government, Harvard Univeristy. http://www.hks.harvard.edu/m-rcbg/CRI/publications/workingpaper_36_brown.pdf

Certified General Accountants (CGA) of Canada. "Comments Regarding Global Reporting Initiative's Draft G3 Sustainability Reporting Guidelines". March 28, 2006. http://www.cga-canada.org/en-ca/ExposureDraftResponses/ca_exd_2006-03-28_g3.pdf

Company Contacts

Secretariat
Global Reporting Initiative
Metropool Building, 5th Floor
Weesperstraat 95
1018 VN
Amsterdam
The Netherlands

Mailing Address
Global Reporting Initiative
PO Box 10039
1001 EA
Amsterdam
The Netherlands
Telephone: +31(0) 20 531 00 00
Facsimile: +31(0) 20 531 00 31

Keywords

- Advisory Groups
- Amsterdam
- Corporate responsibility
- Corporate social responsibility
- Corporate transparency
- Delegations
- Disclosure standard
- Economic Social and Governance (ESG)
- Engagement
- Environment
- Ethics
- Focal Points
- Global partnership
- Global standards
- Governance
- Governing Bodies
- Guidelines Human rights
- Institution
- Instrument
- Integrated Reporting
- Local Certified Training Program
- Memorandum of Understanding
- Multi-stakeholder
- National Annexes
- Netherlands
- Organizational Stakeholder (OS)
- Partnership
- Performance Indicators
- Principles
- Public Consultation
- Reporting Standard
- Reputation Management
- Responsible investment
- Sector Supplement
- Social (accountability)
- Stakeholder
- Stakeholder Council (SC)
- Standards
- Steering Committee
- Stewardship
- Supply chain
- Sustainability
- Technical Advisory Committee (TAC)
- Technical Protocol
- Transparency
- Working Group(s)

Corporate Ethics Monitor Issue

EthicScan Reviewer

Shannon Mullins