Global Trends of Sustainability Reporting

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Bangkok, 15 September 2014

Global Reporting Initiative™

Agenda

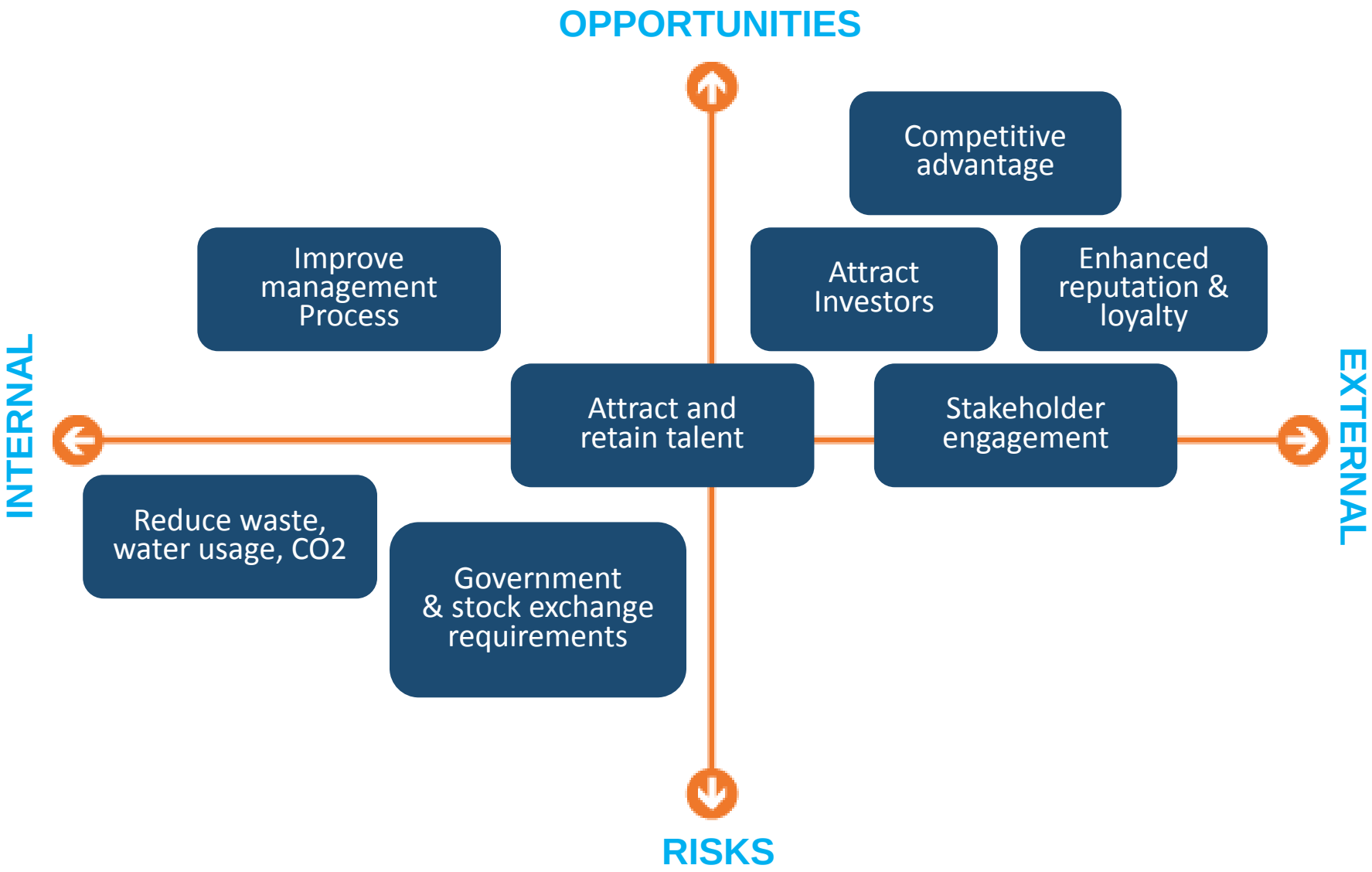
1. Introduction to Sustainability Reporting
2. Users
3. Sustainability Reporting Trends
4. Trends in Policy and Regulation
5. The Future of corporate sustainability – the Post 2015 Sustainable Development Agenda
6. The GRI Framework – G4
7. The GRI Business Transparency Program
8. Questions

Introduction to Sustainability Reporting

What is sustainability reporting?

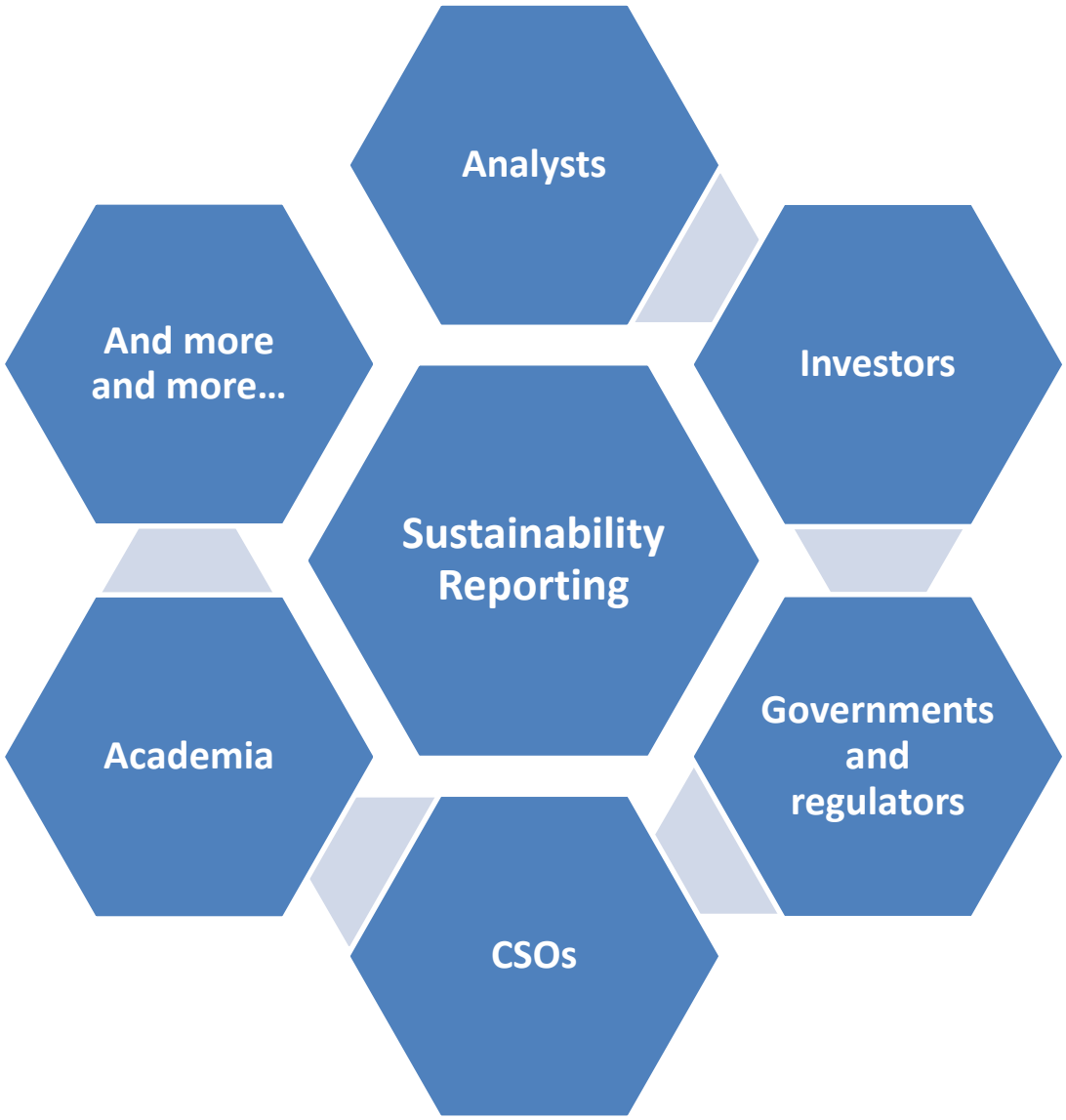
- Disclosure on economic, environmental, social, and governance performance
- Stakeholder focused
- Performance bridging (financial and other)
- Continuous improvement

The business case for reporting



Users

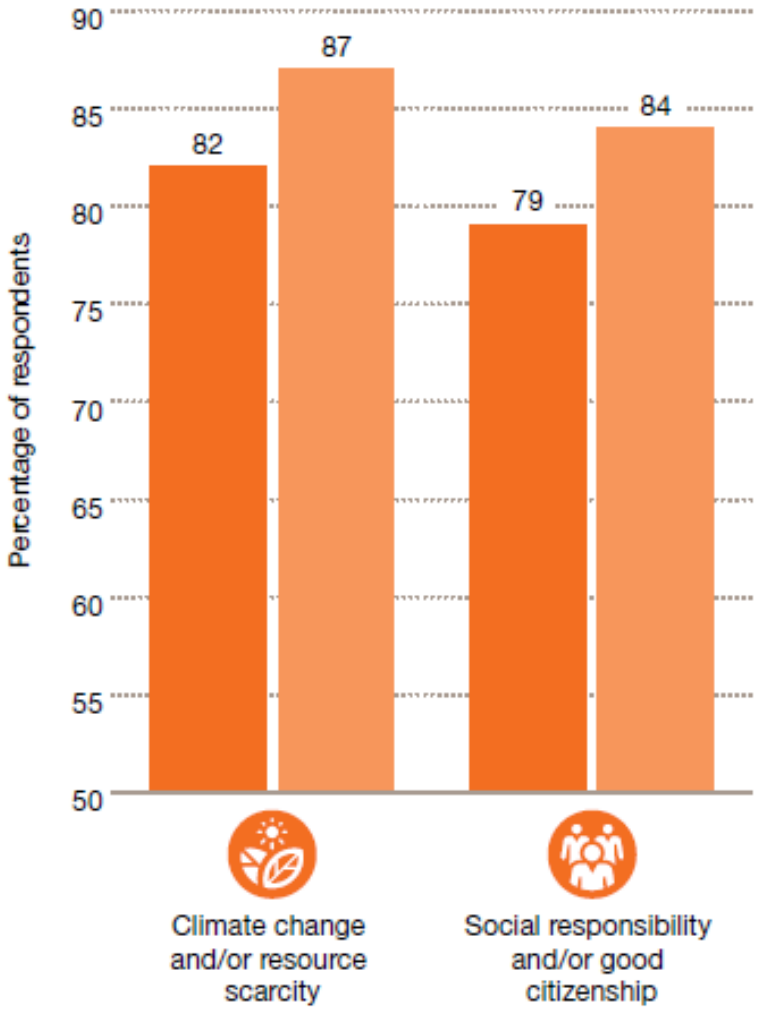
Main users of sustainability information



Civil Society Organizations

- Civil Society Organizations as watchdogs for corporate accountability

Investors



Investors expect sustainability issues to become increasingly relevant,

PWC Investor Survey, winter/spring series, May 2014

Investors

World's most widely used platform for financial professionals:

- ***250,000+*** *data terminals*
- ***3,000+*** *companies and climbing*

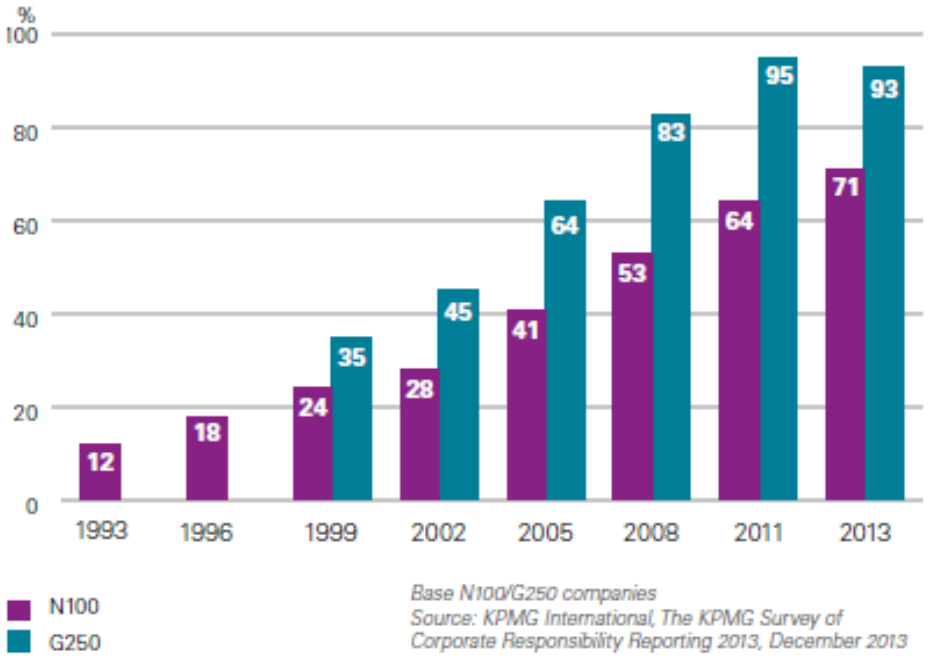
Sustainability Reporting Trends

Sustainability reporting trends

- Increase in reports from
  - Emerging markets
  - SMEs
- Online reporting
- External verification
- Integrated reporting
- Supply chain focus

To report or not to report? The debate is over

Growth in reporting since 1993

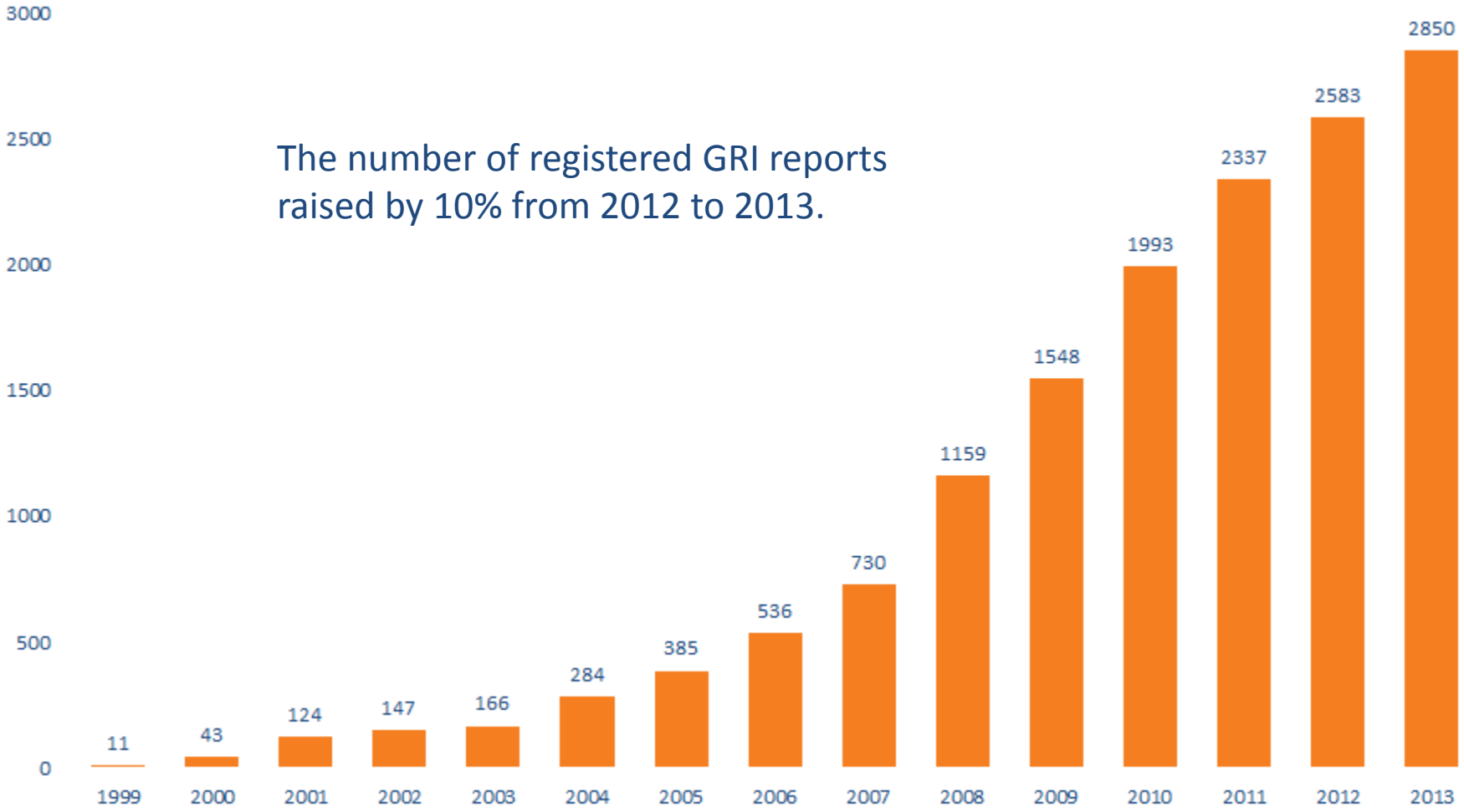


- Companies should no longer ask whether or not they should publish a sustainability report.
- High rates of sustainability reporting globally suggest it is now standard business practice worldwide.
- The important questions now are “what?” and “how?”
- It is now about the quality of reporting and the best means to reach relevant audiences.

Source KPMG Survey 2013

GRI Reporting Growth Trend: 1999-2013

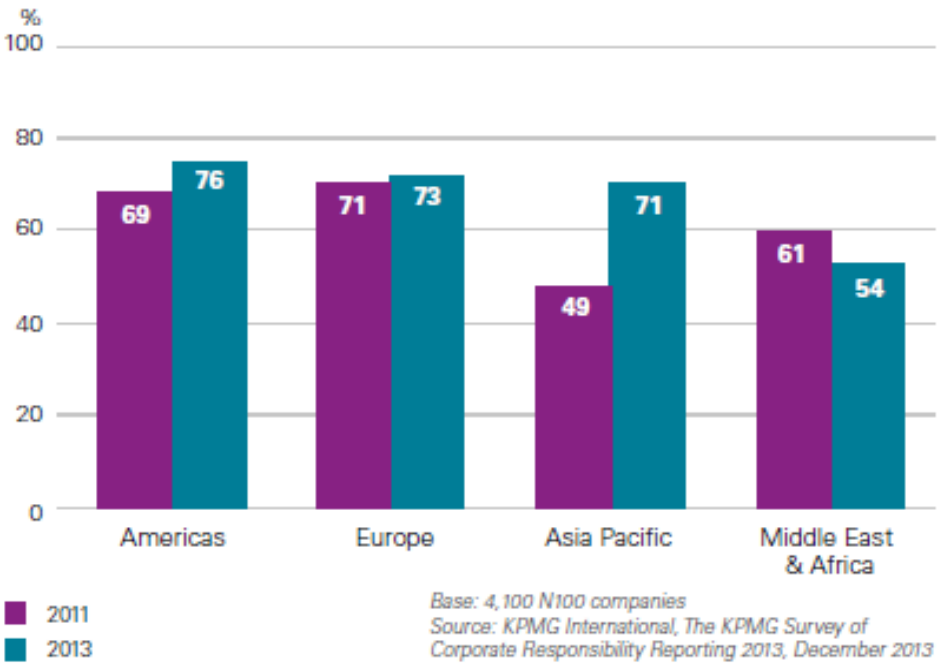
The number of registered GRI reports raised by 10% from 2012 to 2013.



* Data from the Sustainability Disclosure Database as at 9 September 2014

Asia Pacific sees strongest growth

CR reporting by region



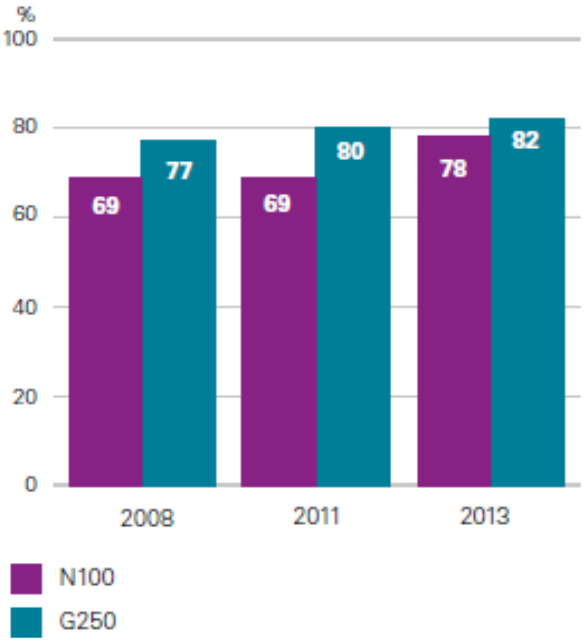
Base: 4,100 N100 companies
Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013, December 2013

- Asia Pacific saw the biggest overall increase.
- Partly due to new countries being included in the survey (e.g. Indonesia and Malaysia)
- Majority of the increase is due to exceptionally high growth rates in several countries. For example
  - Singapore increase to 80% from 43%
  - Australia increase to 82% from 57%
  - India increase to 73% in 2013 from 20% in 2011
- It is likely that much of this growth is due to the introduction of new mandatory and voluntary reporting requirements.

Source KPMG Survey 2013

GRI remains the leading reporting framework

Use of the GRI guidelines



Source KPMG Survey 2013

"…GRI remains the most widely used voluntary reporting framework, far exceeding the use of national standards and other guidelines…

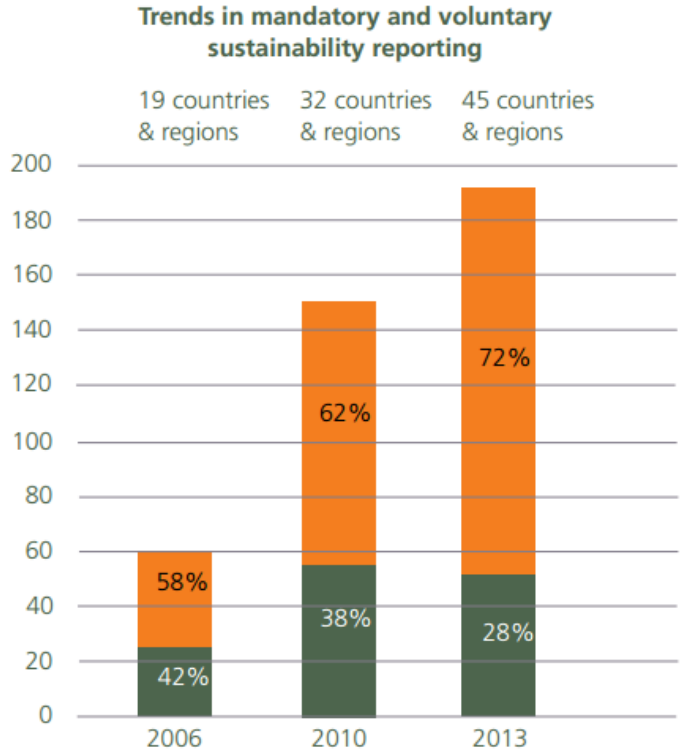
Those who do not refer to the GRI framework either state that they use their own frameworks developed in-house, national reporting guidelines or none at all."

Source KPMG Survey 2013

Trends in Policy and Regulation

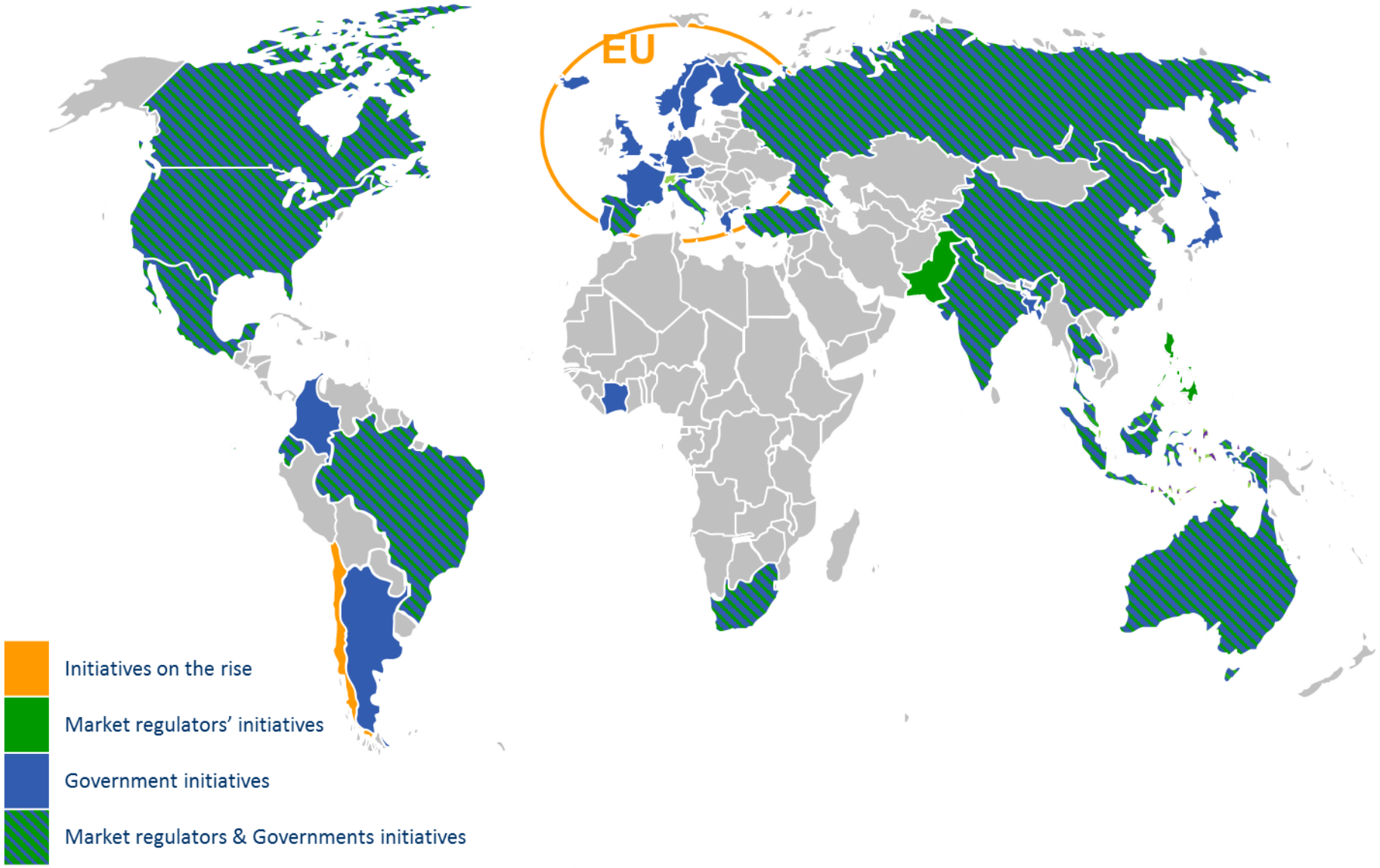
Main findings on sustainability policy and reporting regulation (45 Countries)

- 180 regulations, 72 % mandatory
- Growing fast
- State owned enterprises prominent
- Sustainability reporting as stock exchanges listing requirements
- Report or Explain



		Carrots and Sticks Publications					
		2006		2010		2013	
Initiatives	Mandatory	35	58%	94	62%	134	72%
	Voluntary	25	42%	57	38%	53	28%
	Total	**60**		**151**		**180**	
Countries & Regions		**19**		**32**		**45**	

Policy initiatives worldwide



References to GRI

In 23 countries GRI is referred to, mentioned or recommended in government and/or market regulator instruments

Argentina	Netherlands
Australia	Norway
Austria	Pakistan
Brazil	Singapore
Canada	South Africa
Denmark	South Korea
Finland	Spain
Germany	Sweden
Iceland	Thailand
India	UK
Italy	US
Japan	

European Directive on Non Financial Reporting

More sustainability reporting in the EU

The role of stock exchanges

- Have a direct influence over listed companies
- Cater to the needs of key stakeholders: investors incl. pension funds , market analysts, listed companies, government, etc

The Future of corporate sustainability – the Post 2015 Sustainable Development Agenda

The Post-2015 Development Agenda

2013

- Reports of High Level Panel on post-2015 agenda, UN SDSN, UN Development Group, and UNGC submitted to UN Secretary General (May -July)
- Secretary General's Report for 68th UN General Assembly (July)
- 68th UNGA + A Special event on MDGs & Post-2015 development agenda (September)

2014

- Open Working Group discussions till July + **report to the UNGA** (August)
- **Secretary General Report** on modalities and format of the post-2015 UN summit
- **69th UNGA** = likely launch of inter-governmental process leading to post-2015 development agenda incl. SDGs

2015

- Post-2015 UN Summit (September)
- 70th UNGA (September 2015) : DEADLINE for new development agenda to be adopted)

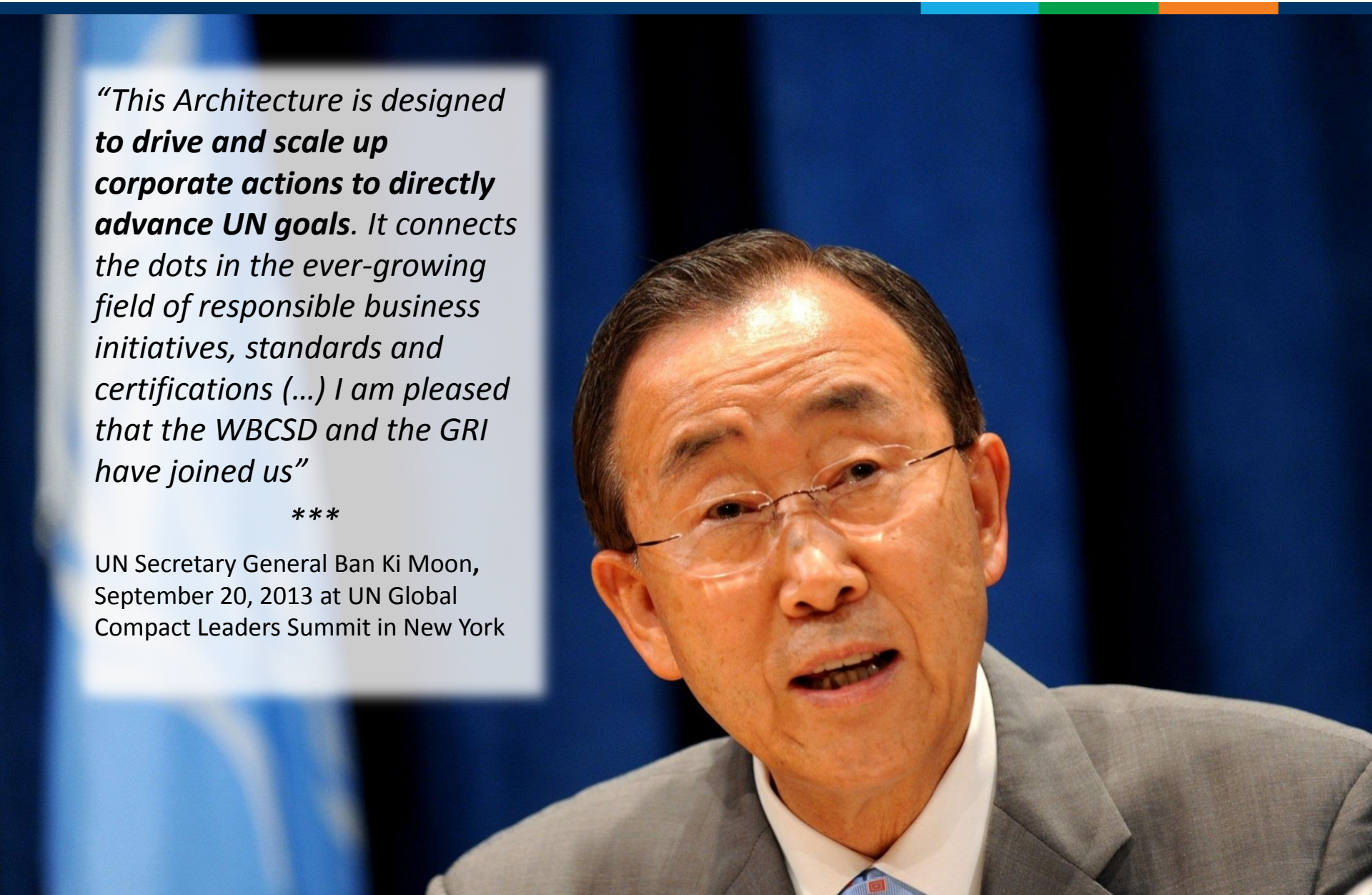
The Post-2015 Development Agenda

Outcome document OWG on SDGs:

http://sustainabledevelopment.un.org/focussdgs.html

1. Target on SR under SCP – *12.6 encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle*
2. Chapeau – private sector role
3. Means of implementation
   - Multi-stakeholder partnerships
   - Data, monitoring and accountability

Post-2015 Business Engagement Architecture

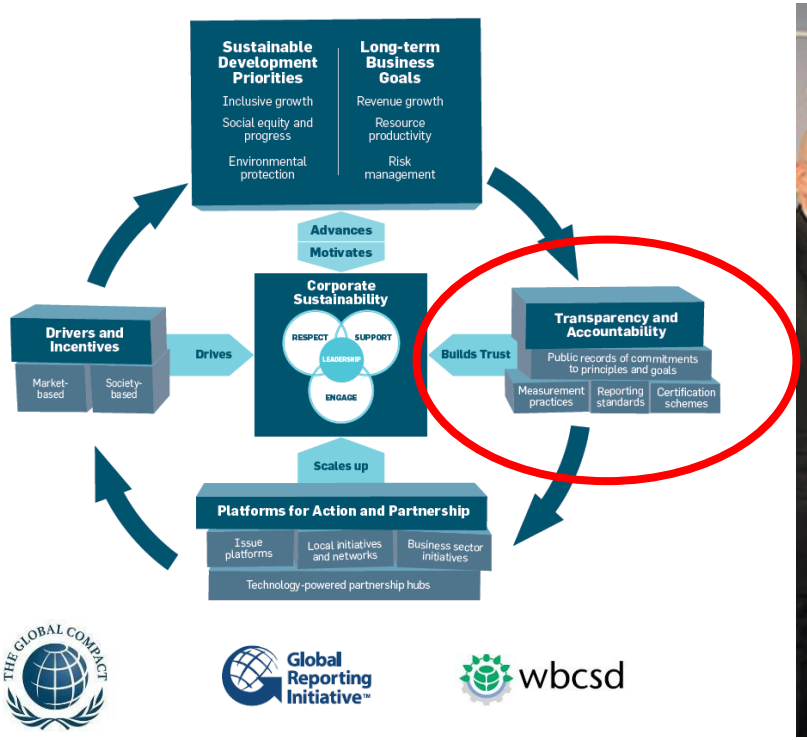


*"This Architecture is designed **to drive and scale up corporate actions to directly advance UN goals**. It connects the dots in the ever-growing field of responsible business initiatives, standards and certifications (…) I am pleased that the WBCSD and the GRI have joined us"*

***

UN Secretary General Ban Ki Moon, September 20, 2013 at UN Global Compact Leaders Summit in New York

Post-2015 Business Engagement Architecture



On how to motivate and support global business in realizing its full potential to advance sustainable development through:

- Action
- Collaboration
- Co-investment.

The GRI Framework – G4

GRI's Guidelines

Guidelines	G2	G3	G3.1	G4
2000	2002	2006	2011	2013

Why G4?

G4 development

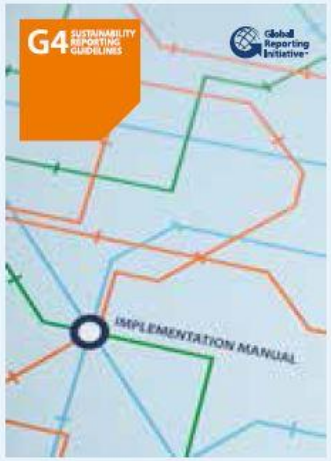
G4 Structure

➔ 1

Reporting Principles and Standard Disclosures. GRI's Reporting Principles are the criteria that should be used to guide your choices, in order to achieve effective GRI reporting. Standard Disclosures are the GRI 'questions' you answer in your report.

- **Part 1**: The Reporting Principles and Standard Disclosures
- **Part 2**: The Implementation Manual

➔ 2



Implementation Manual: This is the 'how to' section, and provides detailed advice and recommendations for reporting with G4.

Download both parts for free on www.globalreporting.org

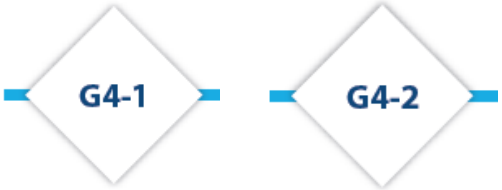
TABLE 1: CATEGORIES AND ASPECTS IN THE GUIDELINES

Category	Economic	Environmental
Aspects [III]	• Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices	• Materials • Energy • Water • Biodiversity • Emissions • Effluents and Waste • Products and Services • Compliance • Transport • Overall • Supplier Environmental Assessment • Environmental Grievance Mechanisms

Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects [III]	• Employment • Labor/Management Relations • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Equal Remuneration for Women and Men • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms	• Investment • Non-discrimination • Freedom of Association and Collective Bargaining • Child Labor • Forced or Compulsory Labor • Security Practices • Indigenous Rights • Assessment • Supplier Human Rights Assessment • Human Rights Grievance Mechanisms	• Local Communities • Anti-corruption • Public Policy • Anti-competitive Behavior • Compliance • Supplier Assessment for Impacts on Society • Grievance Mechanisms for Impacts on Society	• Customer Health and Safety • Product and Service Labeling • Marketing Communications • Customer Privacy • Compliance

G4 Structure

General Standard Disclosures



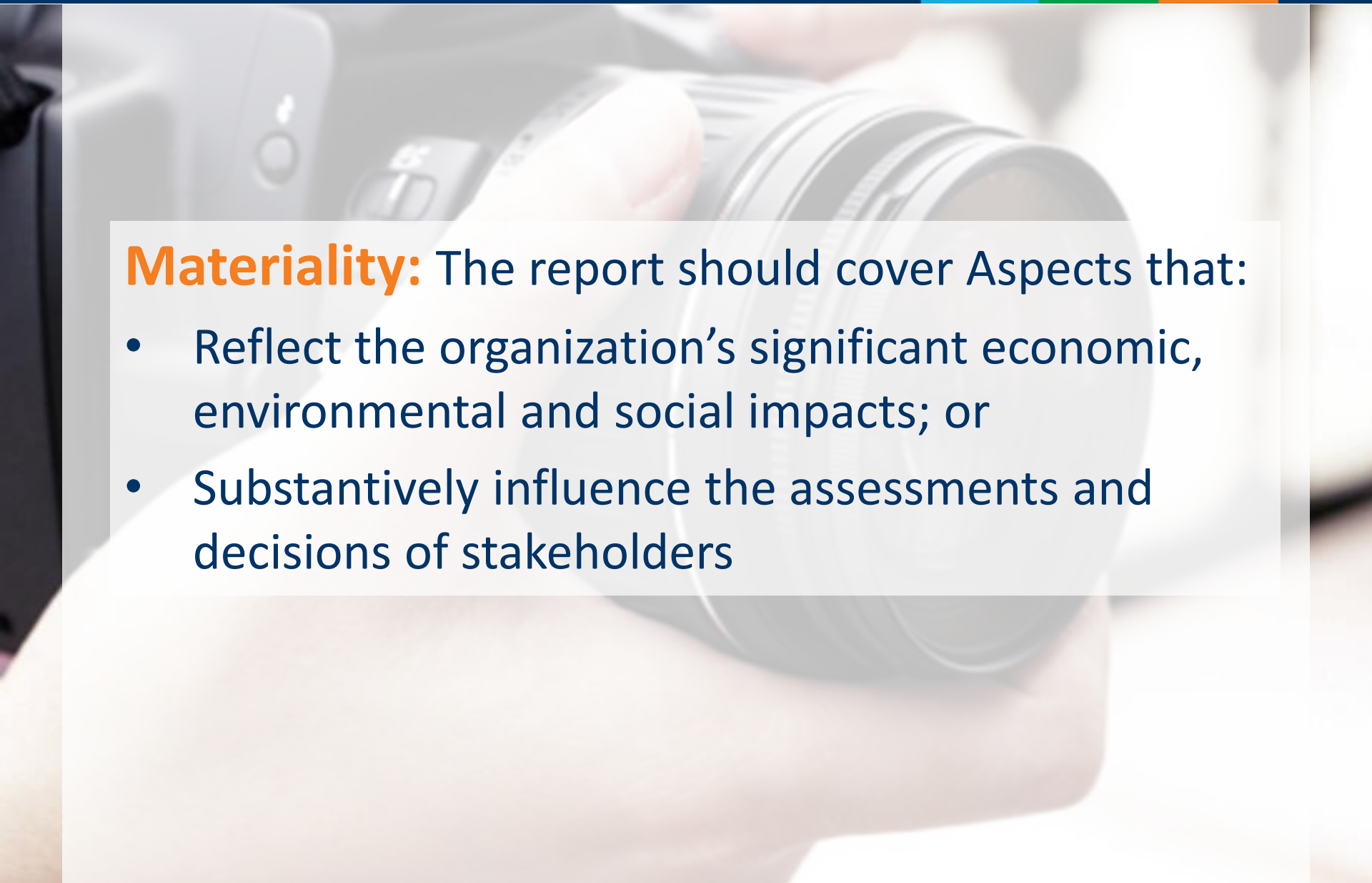
Specific Standard Disclosures

- Disclosures on Management Approach

- Indicators

Focus on what matters, where it matters

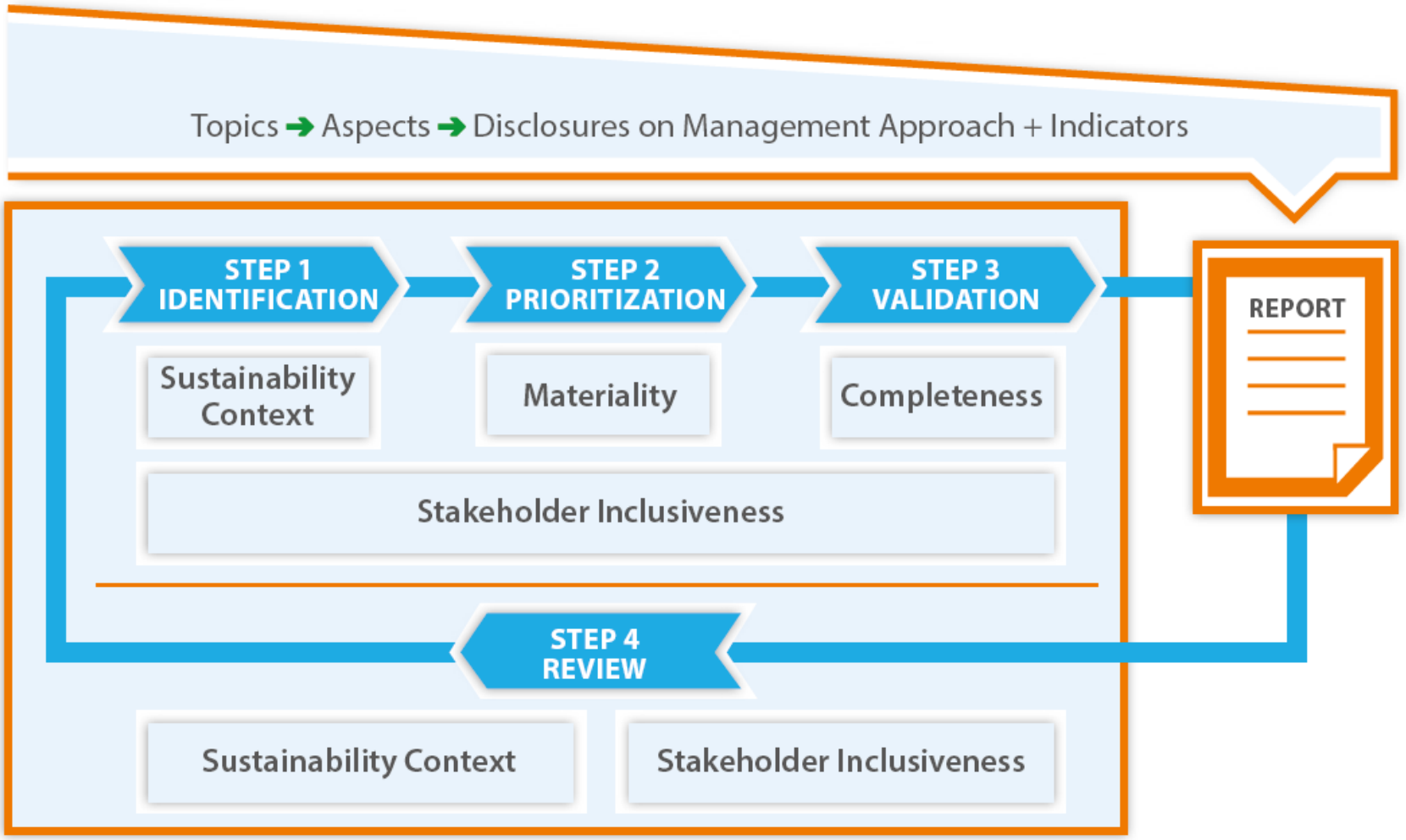
Focus on what matters, where it matters



Materiality: The report should cover Aspects that:

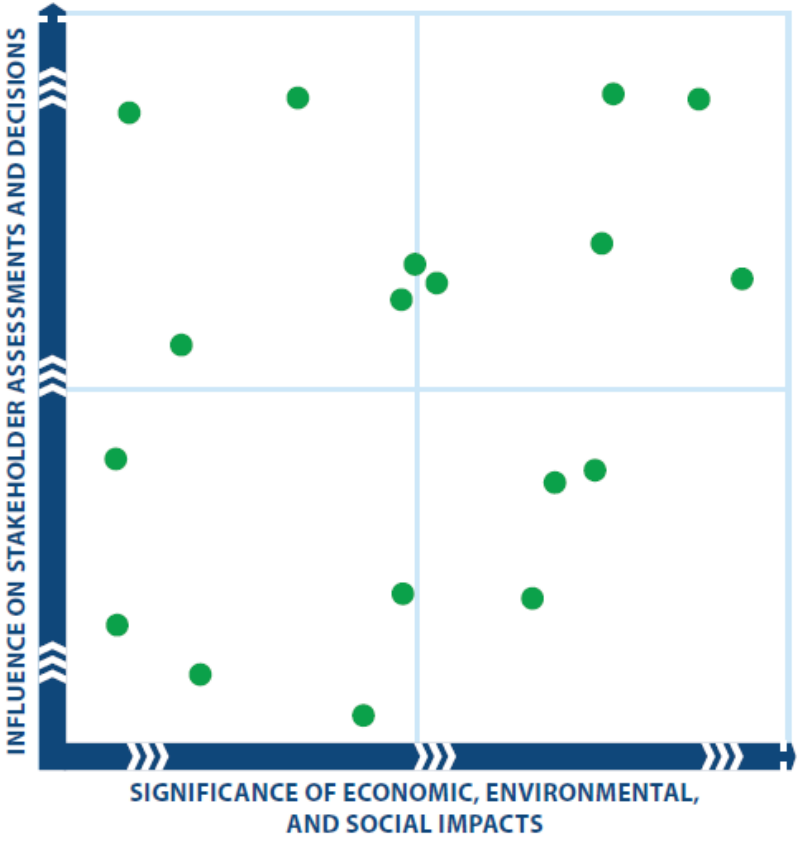
- Reflect the organization's significant economic, environmental and social impacts; or
- Substantively influence the assessments and decisions of stakeholders

Defining Report Content and Boundaries: the Process

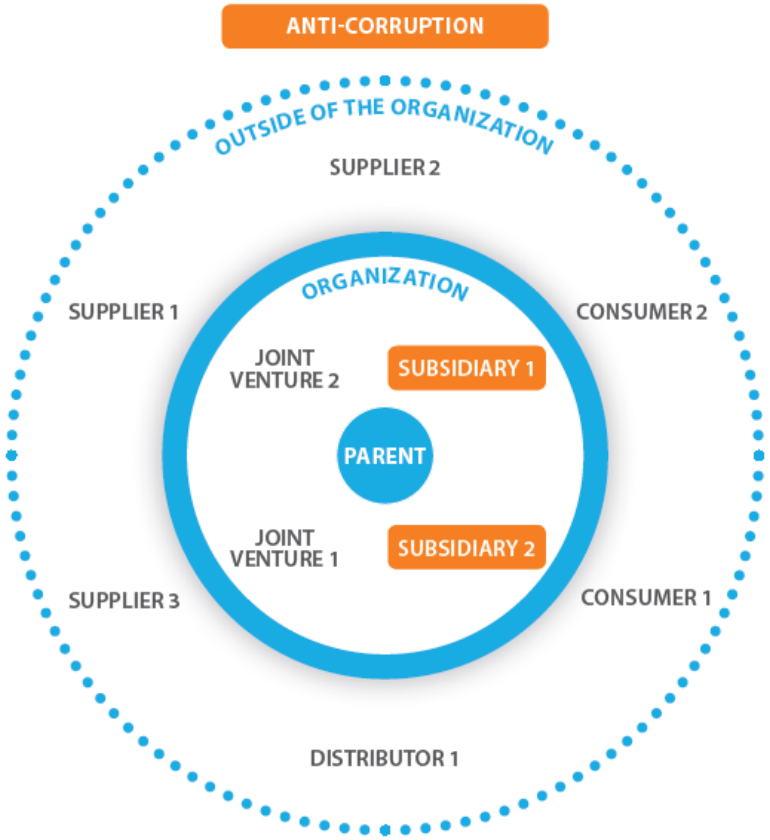


Focus on what matters, where it matters

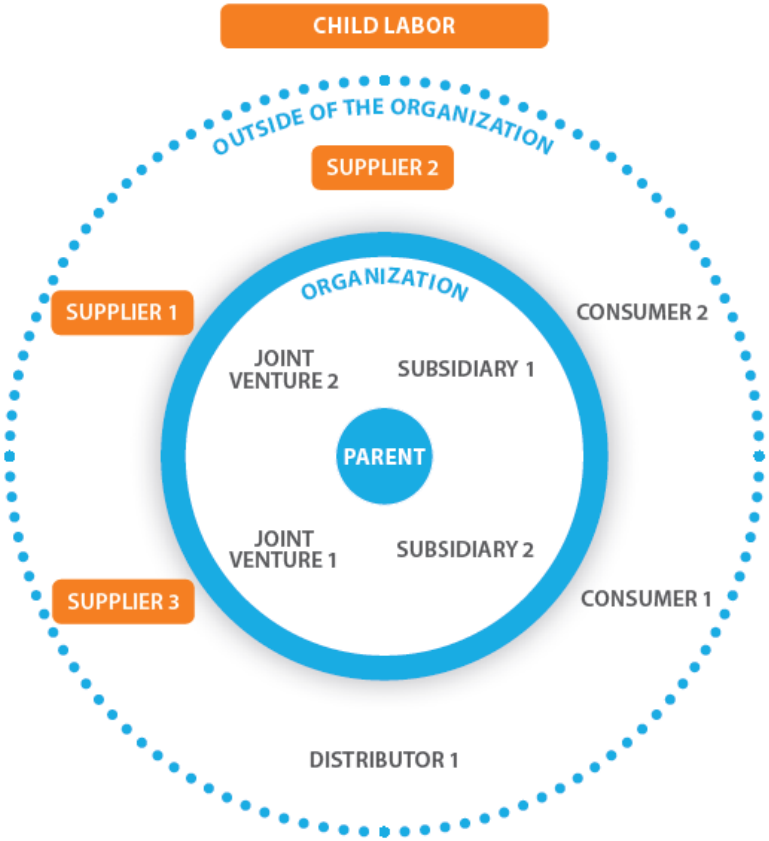
Visual representation of prioritization of Aspects



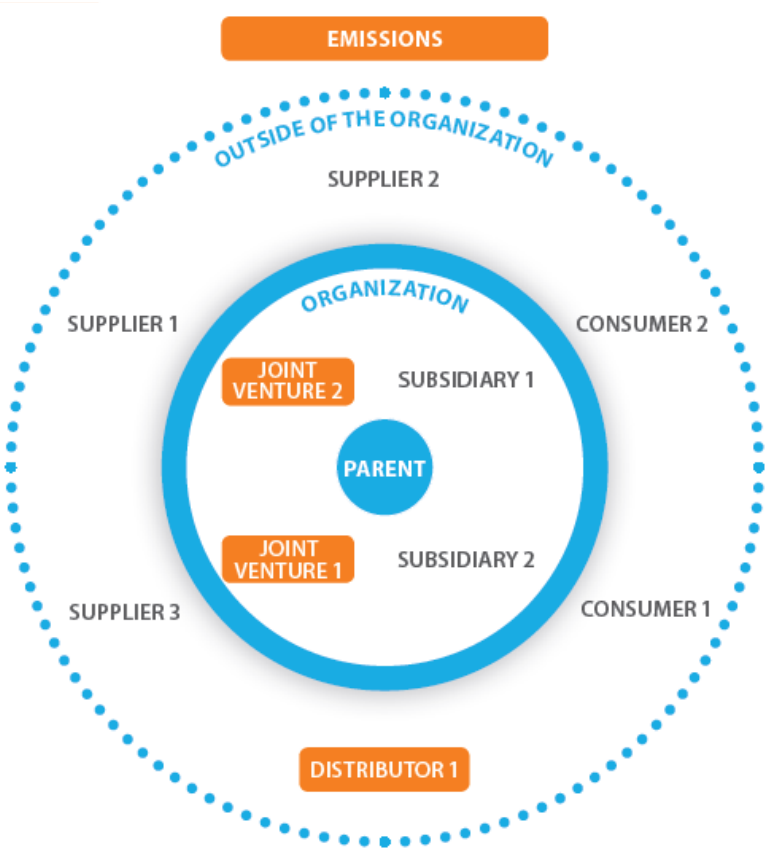
Example of where the topic of anti-corruption is only relevant to certain entities within the organization



Example of where the topic of child labor is only relevant to certain entities outside of the organization

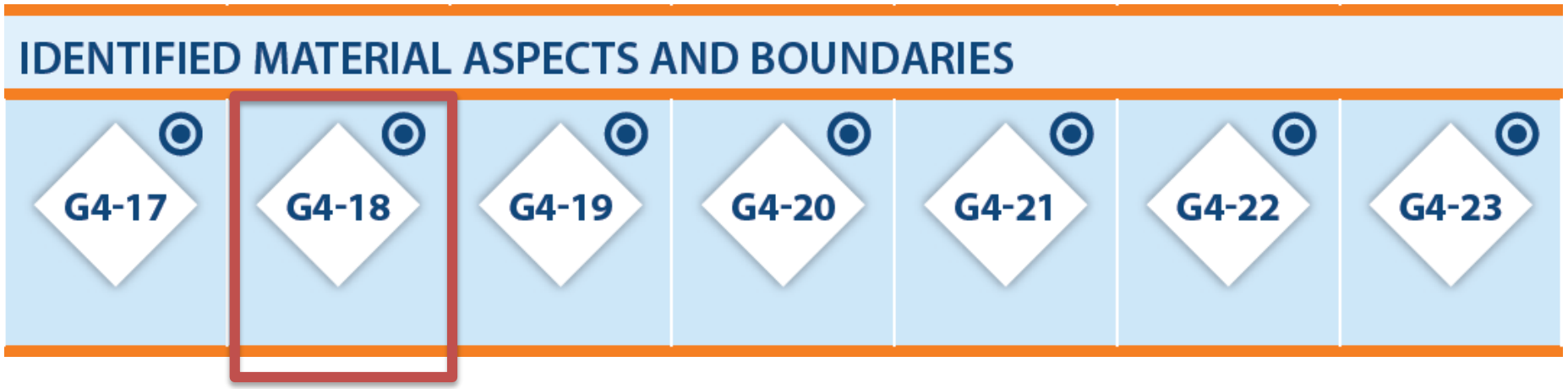


Example of where the topic of emissions is relevant within and outside of the organization



Focus on what matters, where it matters

General Standard Disclosures

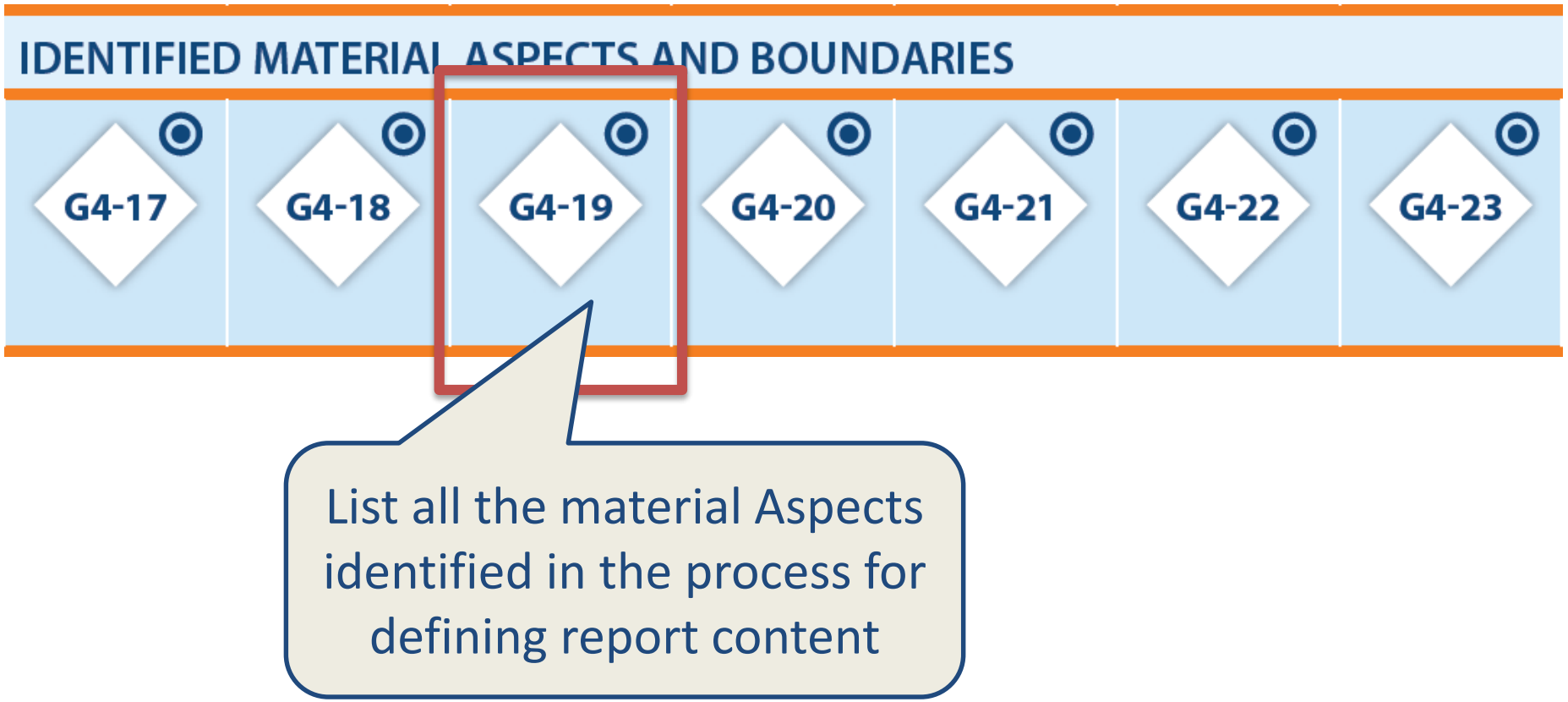


a) Explain the process for defining the report content and the Aspect Boundaries

b) Explain how the organization has implemented the Reporting Principles for Defining Report Content

Focus on what matters, where it matters

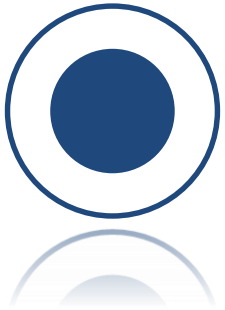
General Standard Disclosures



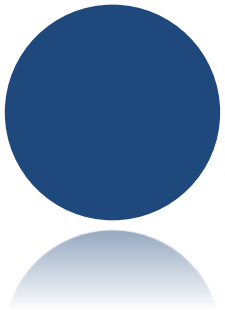
In accordance with G4 Guidelines

Two options:

Core



Comprehensive



New or renewed Guidelines content

- Disclosure on Management Approach
- Supply Chain
- Governance
- Ethics and Integrity
- Energy and Emissions
- Anti-corruption & Public Policy

New or renewed Guidelines content

Specific Standard Disclosures – DMA

Generic DMA format to be used with any Aspect:

G4-DMA

a. Report why the Aspect is material. Report the impacts that make this Aspect material.
b. Report how the organization manages the material Aspect or its impacts.
c. Report the evaluation of the management approach, including:
- The mechanisms for evaluating the effectiveness of the management approach
- The results of the evaluation of the management approach
- Any related adjustments to the management approach

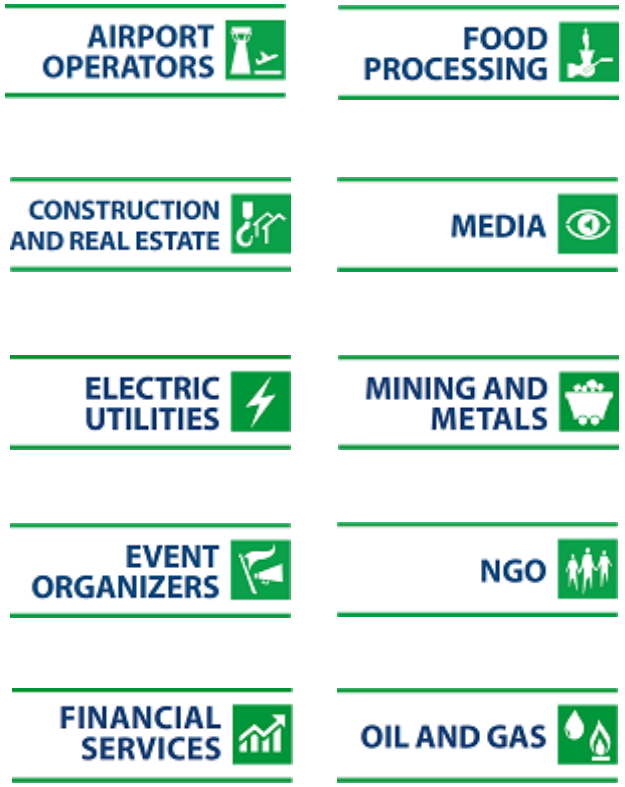
Integrated reporting

- Integrates financial and sustainability performance
- G4 is designed for reporting in different report formats

Sector Disclosures

- GRI's Sector Disclosures provide sector-specific disclosures and guidance to be used with the G4 Guidelines
- Reporters to consider this content when defining what is material
- The G4 Sector Disclosures are versions of the 10 GRI G3/G3.1 Sector Supplements reorganized to fit the structure and content of the G4 Guidelines

Available on GRI's website:



Alignment Global frameworks

1. OECD Guidelines for Multinational Enterprises
2. UN Global Compact principles
3. UN Guiding Principles Business Human Rights
4. International Integrated Reporting Council
5. Carbon Disclosure Project
6. ISO

GRI global standard for all normative frameworks

Transition period

- GRI will continue to recognize reports based on G3 and G3.1 Guidelines for up to two full reporting cycles after the launch of G4.
- Reports published after **31 December 2015** should be prepared in accordance with the G4 Guidelines
- GRI recommends that organizations reporting for the first time use the G4 Guidelines

The GRI Business Transparency Program

GRI Business Transparency Program

Global Reporting Initiative™

www.globalreporting.org

GRI Business Transparency Program

Helping companies produce their first sustainability report

Program aim:
Build sustainability reporting capacity

How to implement:
Members of supply chain

Status:
300 companies in 15 countries

Deliverable:
Basic Sustainability Report

Experiences from participating companies

Internal benefits

- Improve management systems and processes,
- Develop vision and strategy
- Attract and retain employees
- Encourage innovation
- Reduce compliance costs

External benefits

- Achieve competitive advantage
- Enhance reputation
- Increase customer loyalty
- Optimize risk management
- Attract finance

Experiences from participating companies

Challenges

- Ensuring **commitment** from staff at all levels; especially senior staff
- Making it more than just a **“marketing tool”**
- Choosing & engaging with **key stakeholders**
- Deciding on what are **important issues** to include, **(“material”)**
- Establishing practical & **realistic goals / targets**
- **Collecting, organizing & analyzing** the necessary information
- Communicating **negative results**
- Producing a picture of the **real performance** of the organization
- Keeping **the process going** to the next reporting period

Ready to Report? SMEs

Ready to Report? Introducing Sustainability Reporting for SMEs

- For **SMEs** who are considering sustainability reporting
- Provides a **simple introduction to sustainability reporting** - using the GRI G4 Guidelines
- The booklet focuses on the following topics:
  1. Relevance and value of reporting for SMEs
  2. GRI Reporting Process for SMEs

Open questions

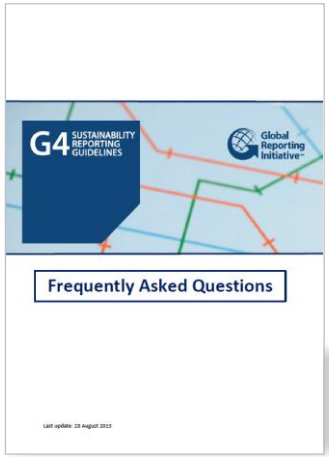
Thank you!

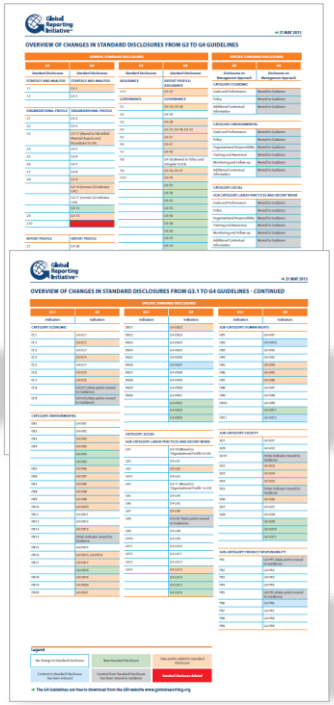
Pietro Bertazzi

Senior Manager - Policy and Government Affairs
Global Reporting Initiative (GRI)

@PietroBertazzi

Resources





- Brochure '[An introduction to G4](#)'
- [Overview of changes in Standard Disclosures from G3/G3.1 and G4](#)
- [G4 Translations](#)
- [G4 Online](#)
- [G4 Taxonomy](#)
- [G4 Content Index Tool](#)
- [G4 Frequently Asked Questions](#)
- Linkage Documents:
  - [Making the Connection: Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles](#)
  - [ISO 26000 & G4: How to use the GRI G4 Guidelines and ISO 26000 in conjunction](#)
- GRI Global Conference videos, see: http://vimeo.com/globalreporting