Sustainability Reporting and the Global Reporting Initiative

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Outline of Talk…

- What is Sustainability Reporting?
- What are the important drivers?
- Global Reporting Initiative
  - Mission, structure, etc.
- Basic GRI Reporting Principles & Framework
- How to get started…
- Questions?

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SUSTAINABILITY IS EVERYBODY'S BUSINESS

Stakeholders, clients, investors, employees, and neighbours want to know what companies are doing about it

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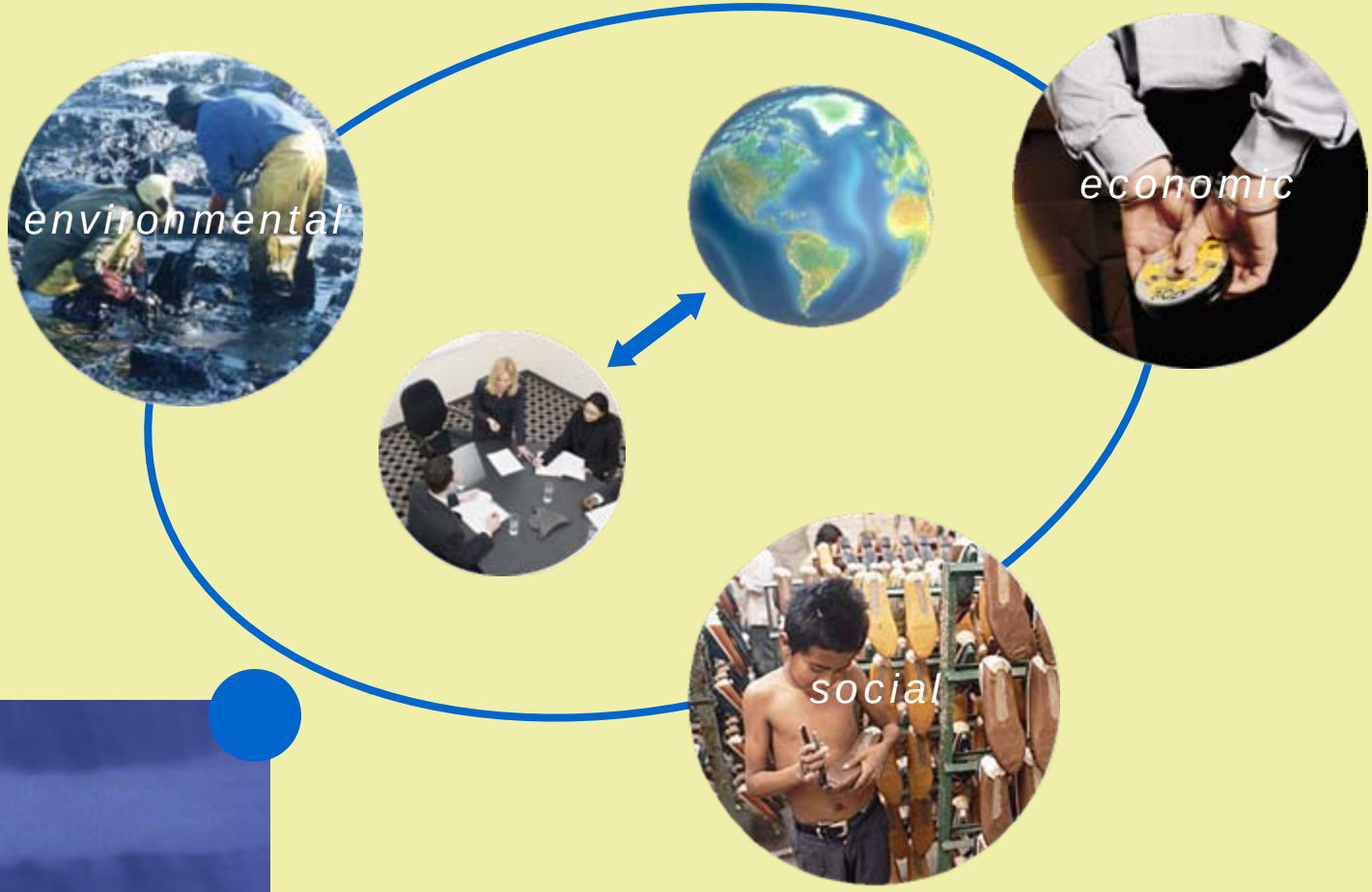
WHAT IS SUSTAINABILITY REPORTING?



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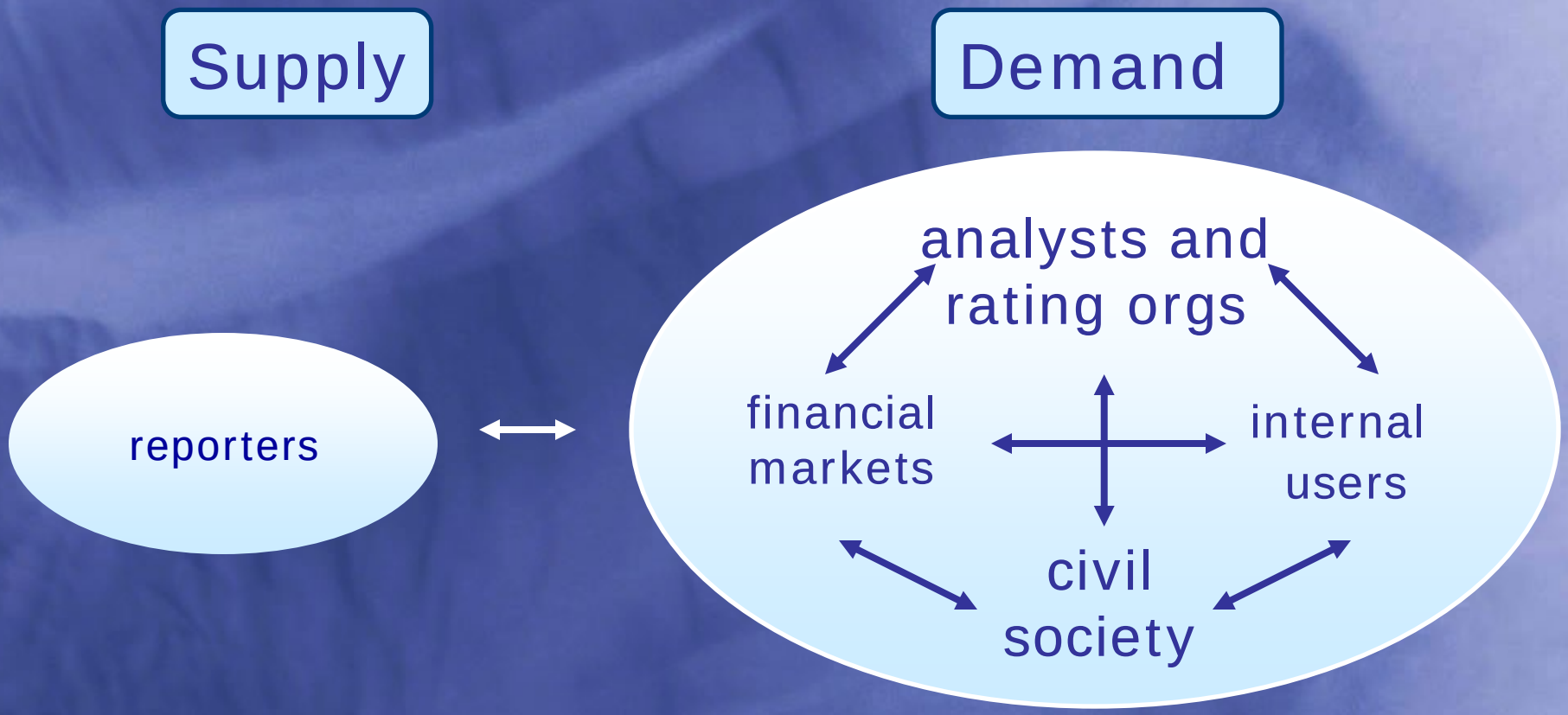
Drivers of Reporting



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MARKET PRESSURE FOR RELIABLE AND COMPARABLE NON-FINANCIAL DATA…

"A company's GRI report should be the first place investors and research institutions consult for information before asking companies to fill out surveys and questionnaires."

- statement from a coalition of analysts at 18 socially responsible investment firms, representing over $230 billion in assets

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BRAND PROTECTION AND ENHANCEMENT

A company's brand is its most valuable asset. Knowing and acting on risks and opportunities, and communicating with stakeholders can help preserve or grow this value.

market value
$105,586 mil
30/09/03

20%
?

67%
brand value
$70,453 mil
(Interbrand)

13%
book value
$13,560 mil
30/09/03

Source: SAM

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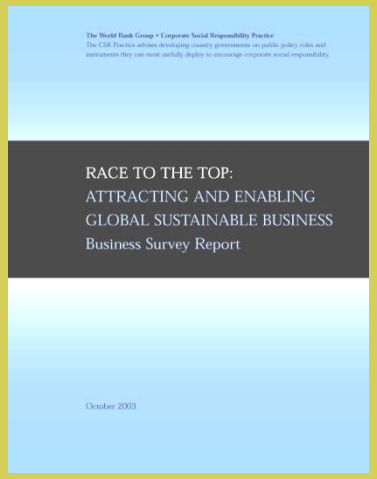
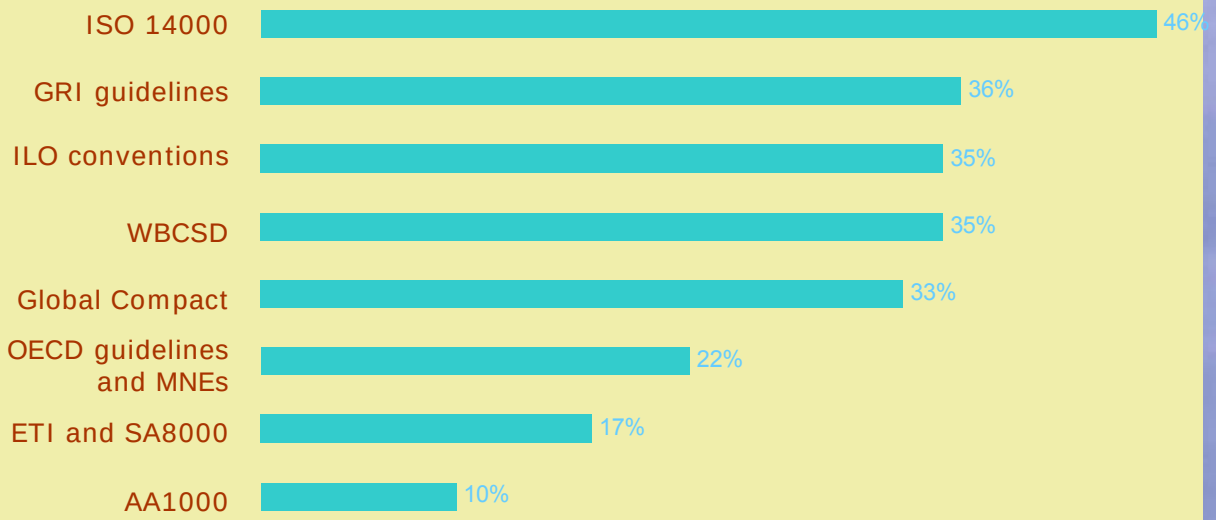
INTERNAL VALUE

Which standards/forums are most influential on business practice?





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MANDATORY REPORTING PRESSURE

- Governments
  - France, U.K., Denmark, Sweden, Norway, Netherlands, Canada
- Stock exchanges
  - South Africa, Malaysia, others
- Industry-led
  - Brazil

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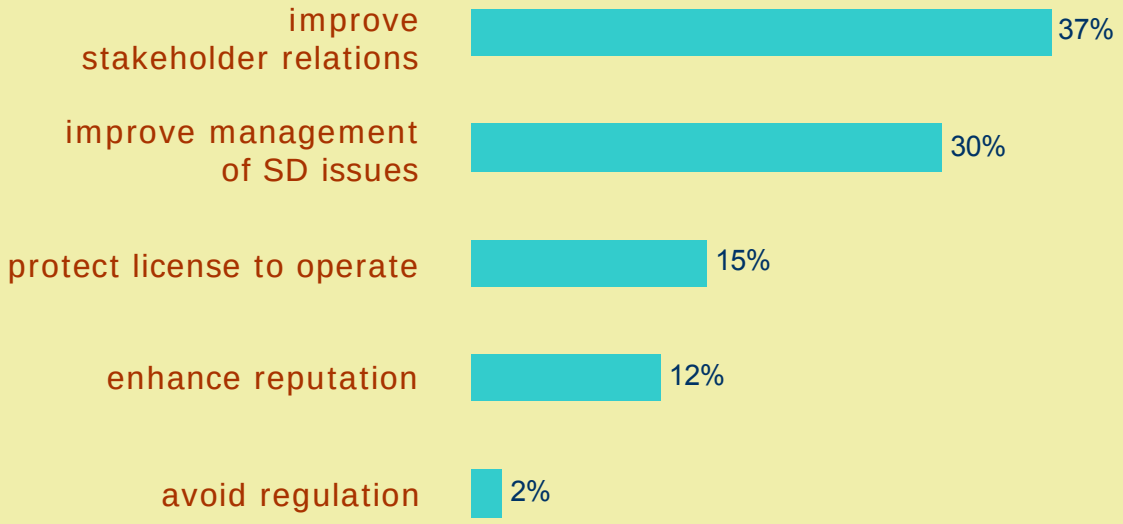
SURVEY ON REPORTING BENEFITS

This global survey outlines the main incentives and benefits of sustainability reporting



source: Environics Intl. Globescan Survey; August 2002

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GRI's mission

a generally accepted global framework for sustainability reporting

THE VISION

Reporting on sustainability performance becomes as *mainstream* and as *transparent* as reporting on financial performance

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FOR REPORTERS BY REPORTERS – FOR STAKEHOLDERS BY STAKEHOLDERS

Stakeholder groups that participate in our working groups:

- business
- labour
- NGOs
- investors
- accountants

These representatives must be drawn from around the globe:

- africa
- asia
- north america
- oceania
- south america

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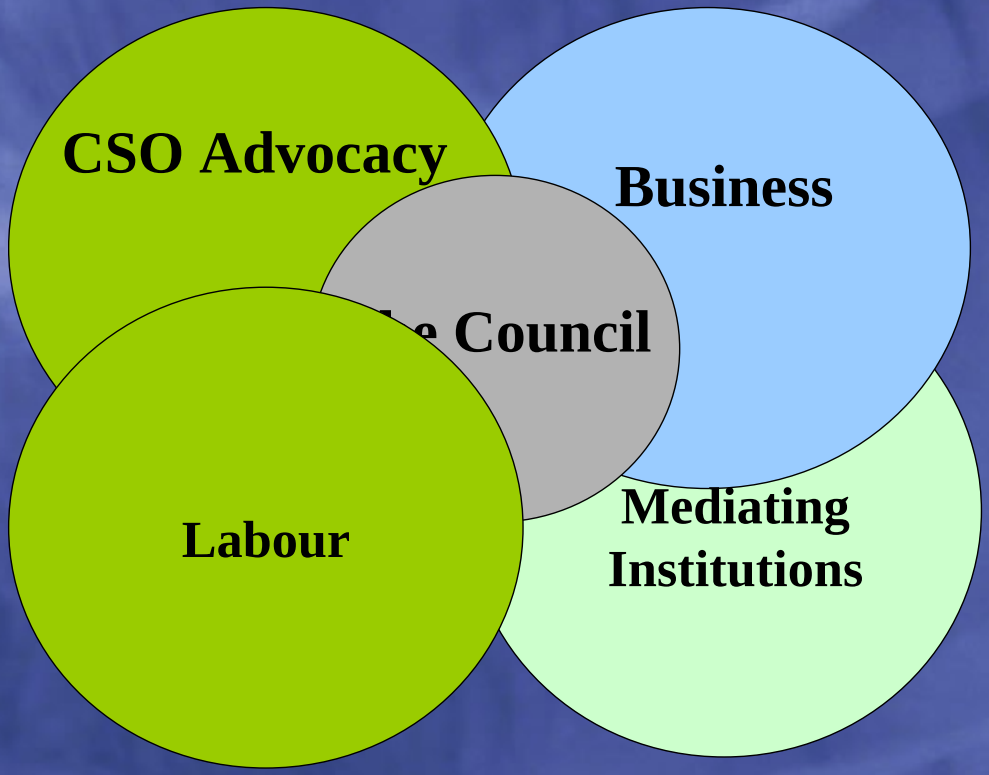
stakeholder council composition



60 sc members:

- 22 Business
- 16 Mediating Institutions
- 16 Civil Society/Advocacy
- 6 Labor

across 5 regions:

- Africa
- Asia/Pacific
- West Asia
- Europe/North America
- Latin America/Caribbean

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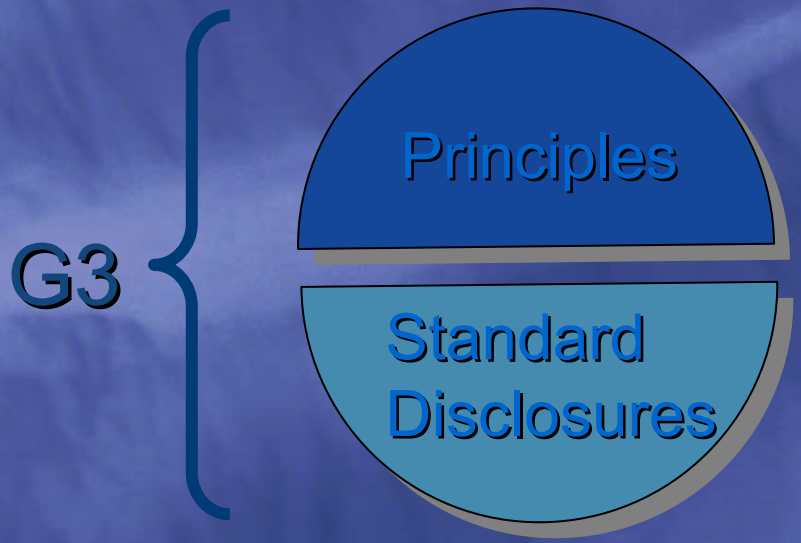
The Reporting Framework



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Sector Supplements

National Annexes

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Principles and Guidance

Helping to steer the course to materiality, focus, and balance.

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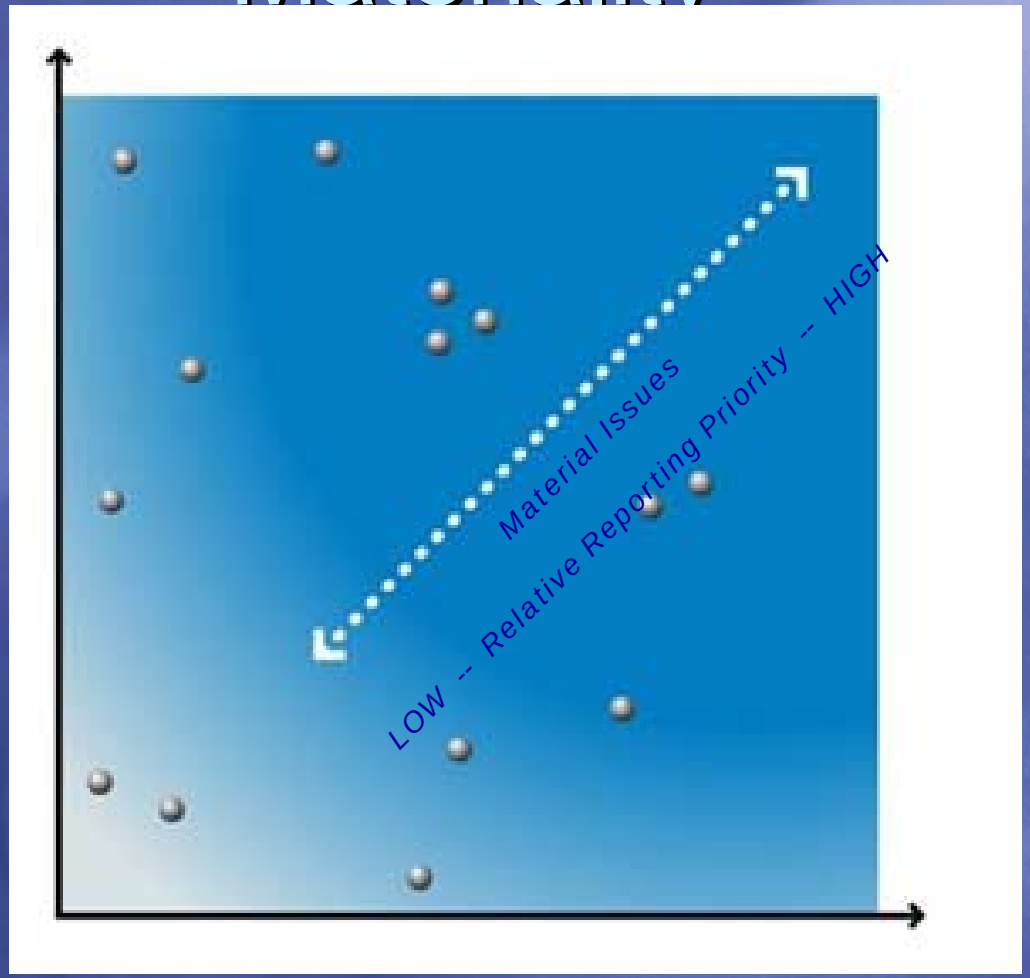
Materiality



Influence on Stakeholder Assessments and Decisions

Significance of Economic, Environmental, and Social Impacts

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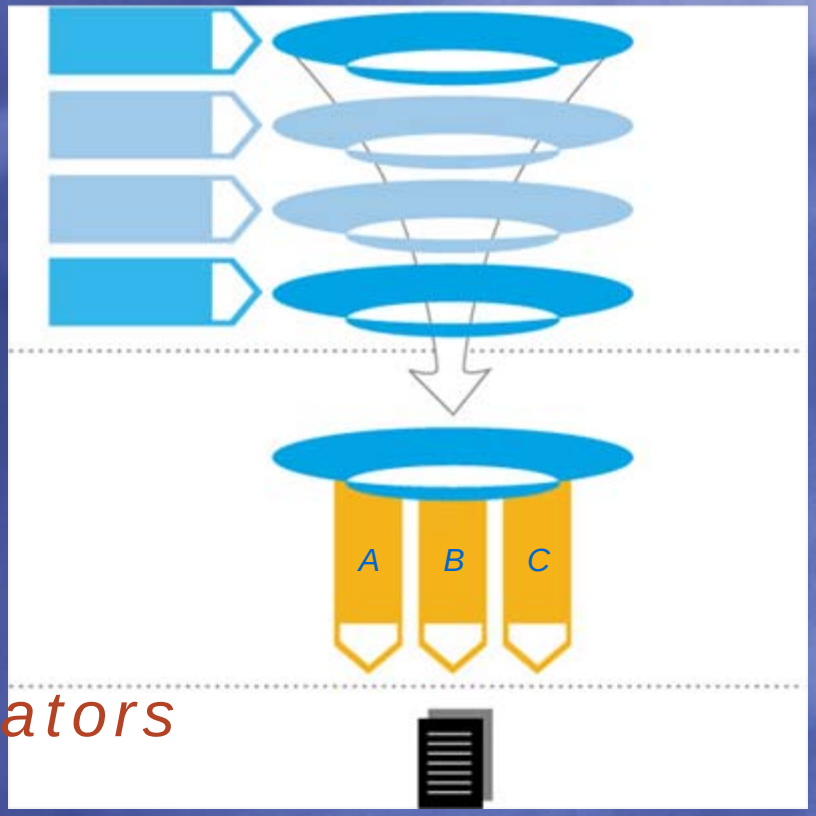
Standard disclosures

OUTPUT
A.Profile
B. Management Approach
C.Performance Indicators



Standard Disclosures

Focused Sustainability Report

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Profile: Strategy & Analysis

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Management approach

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Performance Indicators

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Examples of “Economic Performance Indicators”

- Total sales by market
- Goods, services purchased by country
- Total payroll & benefits by country
- Taxes paid by country
- Infrastructure spending (e.g. schools, roads)

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Examples of “Environmental Performance Indicators”

- Material usage
- Waste by type and destination
- Energy consumption
- Renewable energy sources used
- Water usage
- Biodiversity indicators
- Greenhouse gas emissions
- Discharges to water
- Significant spills of chemical, oil
- Penalties paid

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Examples of "Social Performance Indicators"

- Workforce by country, type of employment
- Employment creation & turnover
- Percent union representation
- Layoff notification policies
- Health & Safety record
- Hours training & education for employees
- EEO policies
- Child labor practices
- Policies to evaluate suppliers/contractors
- Political contributions
- Customer safety & health

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Application Levels

Report Application Level	C	C+	B	B+	A	A+
Profile	Partial		All		All	
Mgmt Approach	No		Yes		Yes	
Perform. Indicators	10 from 3		20 from 6		50 Core + Sectors	

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Sector Supplements

Available supplements:

Automotive

Telecommunications

Financial services

Tour operators

Public agencies

Mining and metals

Logistics and transportation

Energy utilities

In process:

Apparel and footwear

NGOs and foundations

Food production

In the pipeline:

Oil and Gas

Construction

Airports

Retail

Media

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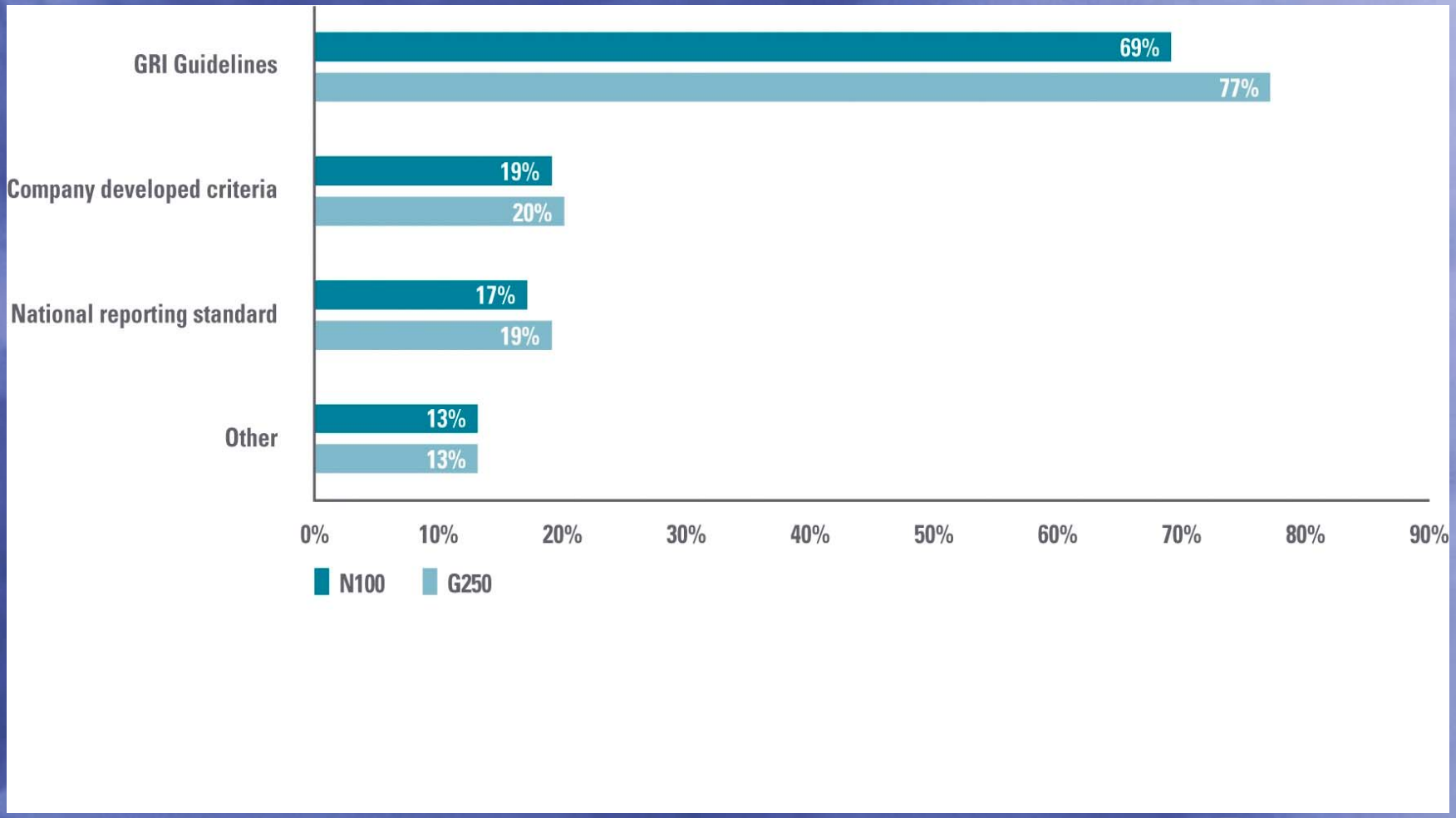
common reporting language

MNE Guidelines

Framework of Choice



Source: KPMG International Survey of Corporate Responsibility Reporting 2008

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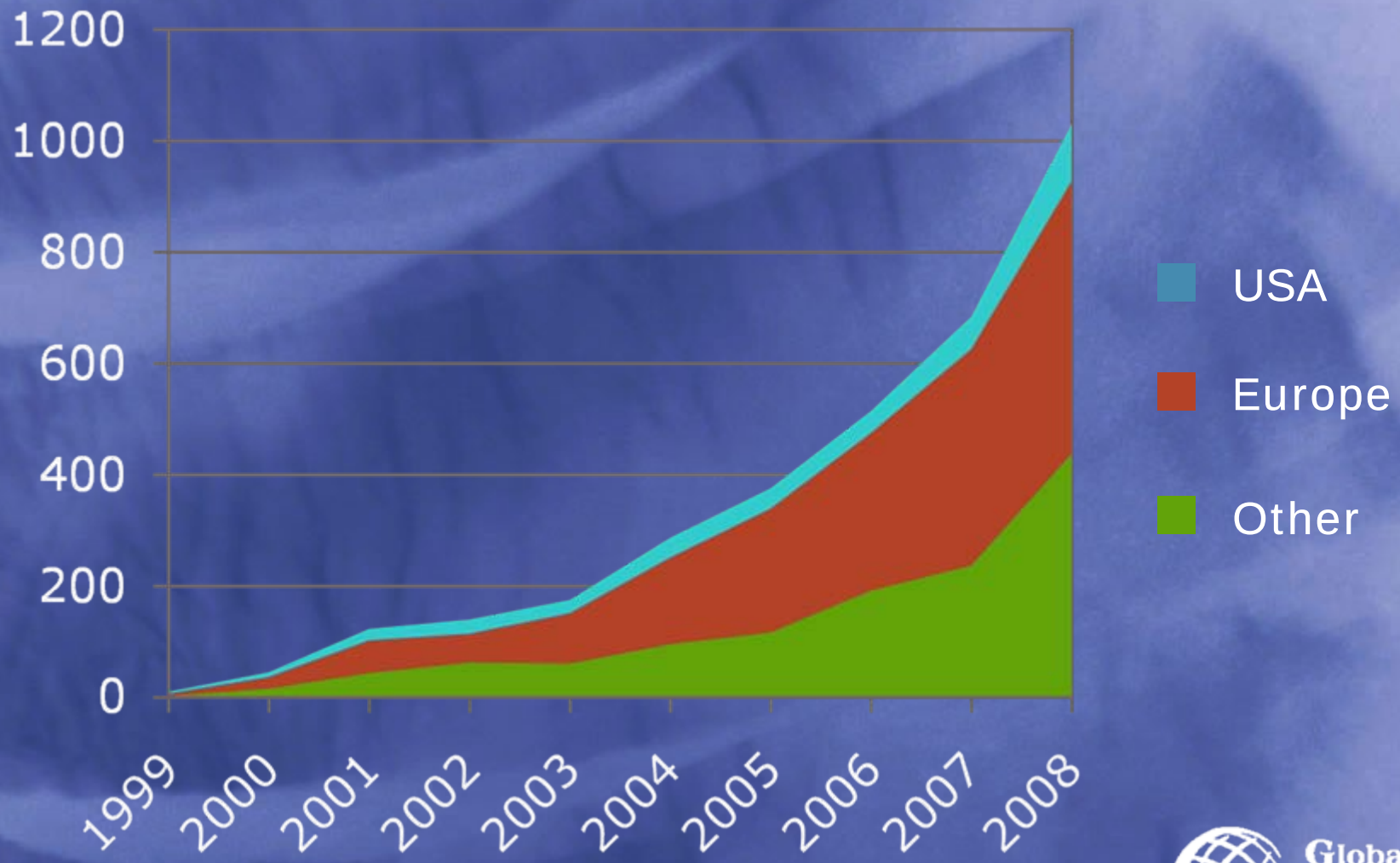
Number of GRI Reporters 1999-2008



Source: GRI Reports List 1999-2009 19 August 2009

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How to get started…

- Understand that Reporting is a "Process"
- Don't promise more than you can deliver…
  - Some organizations begin the process internally for 1-2 years before "going public"
- Get "buy-in" from top management
- It doesn't have to an "A" report and cost a lot of $$$

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How to get started…

- Initial planning phase
  - What are the main impacts?
  - Where are the data coming from?
- Stakeholder engagement
  - Identify most important stakeholders
    - Employees, suppliers, community, investors, non-governmental organizations
  - Meet, talk, listen, prioritize
- Use GRI Indicators as guidance
  - Check for “materiality”
- Contact GRI, Industry trade groups, experienced reporters for assistance…

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www.globalreporting.org

Questions?

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