GLOBAL REPORTING INITIATIVE: UPDATE

Executive Summary
The most significant development related to the Global Reporting Initiative (GRI) over the past 12 months was the launch of the G4 Sustainability Reporting Guidelines in May 2013, the fourth generation of the GRI Guidelines.

Additional relevant developments include the:

- development and release of new resources to assist companies to use the G4 Sustainability Reporting Guidelines, including the G4 Content Index Tool and the G4 Brochure;
- publication of the first two linkage documents that provide guidance on the intersections between the G4 Guidelines and other sustainability reporting frameworks, and assist companies to draw on the multiple frameworks to develop a single report;
- release of the new Materiality Matters service;
- announcement of the new collaboration between GRI and the Reporting and Assurance Frameworks Initiative;
- article by GRI discussing the future of integrated reporting;
- webpage hosted by GRI providing information on sustainability reporting resources worldwide;
- results of research undertaken by Ernst & Young and the Center for Corporate Citizenship on the value of sustainable reporting; and
- adoption by the European Commission of a proposal for non-financial reporting.

Introduction
GRI seeks to drive sustainability reporting by all organisations. It produces a comprehensive Sustainability Reporting Framework that is widely used around the world to facilitate enhanced organisational transparency. The Framework, which includes the Sustainability Reporting Guidelines, sets out the Principles and Standard Disclosures organisations can use to report their economic, environmental and social performance and impacts.

The most significant development by GRI over the past 12 months was the launch in May 2013 of the G4 Sustainability Reporting Guidelines. This fourth generation of the GRI aims to assist reports to prepare meaningful sustainability reports and to make robust and relevant sustainability reporting the standard practice.


The G4 Guidelines were developed through a global-multi-stakeholder process involving representatives from business, labour, civil society and financial markets, as well as auditors and experts in various field. They were also developed in close consultation with government agencies and regulators in several jurisdictions. The G4 Guidelines have been developed to align with internationally recognised reporting-related documents, which are referenced throughout the guidelines.
Further recent and relevant developments are identified below.

**Recent relevant developments**

**New G4 Guidelines resources**

To support organisations to transition to the G4 Guidelines, GRI has developed additional resources for both new and experienced reporters.

The new resources include:

- **G4 Content Index Tool**: Enables reporters to generate a customized Content Index template to enable consistency across reports. The inclusion of a Content Index is a key requirement for both Core and Comprehensive ‘in accordance’ options of the G4 Guidelines, to enable stakeholders to obtain a quick overview of the report.

- **G4 Brochure**: For use by those new to sustainability reporting and/or GRI. It provides a brief introductory overview of G4 and the GRI Framework more generally, and guides new reporters on how to get started with sustainability reporting.

These resources are available at [https://www.globalreporting.org/information/news-and-press-center/Pages/New-G4-Content-Index-Tool-and-other-useful-G4-related-resources.aspx](https://www.globalreporting.org/information/news-and-press-center/Pages/New-G4-Content-Index-Tool-and-other-useful-G4-related-resources.aspx). They complement existing resources, which include G4 Translations, G4 Sector Disclosures, G4 Online, G4 Taxonomy, an overview of the changes in standard disclosures between G3 and G4, an overview of the changed in standard disclosures between G3.1 and G4, G4 FAQs, a slide deck presenting the main features of G4, video materials from the G4 track at the 2013 GRI Conference and the linkage documents (discussed further below).

**Linkage documents**

The guidance provided by GRI G4 is designed to be compatible with a range of different reporting formats, and has been developed to align with a number of internationally-recognised frameworks referenced through the text. These include the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact (UNGOC). This reflects messages that emerged from the 2013 GRI Conference to the effect that there can be no single approach to sustainability reporting that that complementary frameworks should work together.

Accordingly, GRI is developing linkage documents that offer guidance to companies on how to jointly use different reporting and normative frameworks to produce robust sustainability reports. It is working with the UNGC, CDP and the International Organisation for Standardisation to develop these.

Two linkage documents are already available:

- **Making the Connection**: Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles, which described how the G4 Guidelines can be used to prepare a Communication on Progress and fulfil the elements of GC Active and GC Advanced levels of the UNGC Differentiation Programme (available at [https://www.globalreporting.org/resource/library/UNGC-G4-linkage-publication.pdf](https://www.globalreporting.org/resource/library/UNGC-G4-linkage-publication.pdf)); and

- **GRI G4 Guidelines and ISO 26000: 2010** How to use the GRI G4 Guidelines and ISO 26000 in conjunction, which enables organisations to take advantage of the synergies and complementarities of the two initiatives (available at
A third linkage document, which was to be published in February 2014, has been developed in partnership with CDP, and presents the alignment between the G4 Guidelines and the CDP’s Climate Change Information Request. Further linkage documents, including with the IIRC’s Framework and the UN Guiding Principles on Business and Human Rights, are currently being developed.


**Materiality Matters: new GRI check service**

On 2 December 2013, FRI launched a new service that checks whether the most critical disclosures in reports based on the G4 Guidelines are located as stated, and can be easily found by readers.

The new service, Materiality Matters, reflects GRI's increased emphasis on the need for reports to focus on those topics that are most material to their business and to their key stakeholders.


**GRI and RAFI collaboration**

In late 2013, GRI and the Reporting and Assurance Frameworks Initiative (RAFI) signed a Memorandum of Understanding (MOU) to underline their mutual commitment to advancing meaningful corporate human rights reporting.

RAFI is a recently launched initiative focused on the development of public, non-proprietary frameworks to guide companies to report on their implementation of the UN Guiding Principles on Business and Human Rights. It is based on an open and multi-stakeholder consultative process, overseen by an Eminent Persons Group and facilitated by a project team comprising Shift, Mazars and the Human Resource Centre for ASEAN.

The MOU reflects GRI’s and RAFI’s joint commitment to identify opportunities for the language of the reporting and assurance frameworks to dovetail with the GRI Sustainability Reporting Guidelines. It is expected that the MOU will ensure that GRI and RAFI together provide companies with a clear roadmap on how best to report on the implementation of the UN Guiding Principles on Business and Human Rights.


**GRI on integrated reporting**

GRI has published a statement on integrated reporting, noting that successful companies will increasingly need to have an integrated strategy to achieve financial results and create lasting value for itself, its stakeholders and society.

Recognising that the future of corporate reporting is the integration of financial and sustainability strategy and results, GRI has co-founded the International Integrated Reporting Council (IIRC).
GRI suggests that an integrated report should be the result of an integrated strategy and an integrated reporting process.

GRI has investigated the approaches adopted by GRI reports to the concept of integrations, and published the reports of this research in The Sustainability Content of Integrated Reports – A Survey of Pioneers, published in May 2013. Based on the analysis of 700 GRI reports, it examines existing examples of organisations that have sought to reflect the connection between sustainability disclosure using the GRI guidelines and the preparation of integrated reports.

The IIRC has published the International Integrated Reporting Framework, which proposes elements to be presented in an integrated report.

Further information is available at: https://www.globalreporting.org/information/current-priorities/integrated-reporting/Pages/default.aspx.

**Sustainable reporting initiatives**

GRI now provides, on its website, information on sustainable reporting initiatives worldwide. These include initiatives by governments, market regulators and other bodies, such as coalitions, NGOs, accountancy associations, and academic and research institutes. It also provides information on relevant studies and reports.

Further information is available at: https://www.globalreporting.org/information/policy/initiatives-worldwide/Pages/default.aspx.

**Research on the value of sustainability reporting**

Ernst & Young and the Center for Corporate Citizenship at Boston College has summarised the results of a comprehensive analysis on sustainability reporting undertaken in Q1 2013.

The Value of Sustainability Reporting highlights that investors increasingly value transparency enterprises because a higher degree of stakeholder trust results from the disclosure of performance-related information. The report identifies the benefits of sustainability reporting, which include improved reputation, increased employee and consumer loyalty, and increased savings as a result of the better use and management of resources.

The report also suggests that a unified reporting framework enhances the utility of reports.

Adoption of proposal for a European framework on non-financial reporting

The European Commission has adopted a proposal for a Directive on the disclosure of non-financial and diversity information by large companies.

This Directive amends the Accounting Directives, Directives 78/660/EC and 83/349/EEC. It seeks to increase transparency and also the relevance, consistency and comparability of non-financial information. The Directive adopts a ‘report or explain’ approach, requiring large companies to provide information on their strategy, results and risks as part of each annual reporting cycle, or to explain why they do not. The proposal references the GRI Guidelines as an internationally accepted framework that may assist companies to prepare reports.

Further information is available at https://www.globalreporting.org/information/policy/Pages/EUpolicy.aspx.