Sustainability Reporting Guidelines

[DRAFT]

G3

Version for public comment

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Global Reporting Initiative™

Legal liability

This document, designed to promote sustainability reporting, has been developed through a unique multi-stakeholder consultative process involving representatives from reporting organizations and report information users from around the world. While the GRI Board of Directors and Secretariat encourage use of the GRI Sustainability Reporting Guidelines (GRI Guidelines) by all organizations, the preparation and publication of reports based fully or partially on the GRI Guidelines is the full responsibility of those producing them. Neither the GRI Board of Directors nor Stichting Global Reporting Initiative can assume responsibility for any consequences or damages resulting directly or indirectly, from the use of the GRI Guidelines in the preparation of reports or the use of reports based on the GRI Guidelines.

Using the draft G3 Guidelines as the basis for reporting

Organizations wishing to use the Draft G3 Guidelines (this document) as the basis for their reporting beginning upon release of the draft 2 January 2006 may do so at their own risk. The draft Guidelines are subject to change as a result of comments received during the public comment period (2 January – 31 March 2006) and during the GRI Governance approval process (May – August 2006). Organizations should clearly state in their reports that they are based on the Draft G3 Guidelines. The final version of the G3 Guidelines is projected to be released in October 2006.

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Overview of Sustainability Reporting

Sustainable Development and the Transparency Imperative

The goal of sustainable development is to "meet the needs of the present without compromising the ability of future generations to meet their own needs.[1]" As key forces in society, organizations of all kinds have an important role to play in achieving this goal.

Yet in this era of unprecedented growth, achieving this goal can seem more of an aspiration than a reality. As the political economy becomes increasingly globalized, new and unprecedented opportunities to accelerate wealth generation appear via knowledge-sharing and access to technology. But with these opportunities come risks to the sustainability of the environment as a principal source for economic development, and the strains of an ever-increasing human population with differentiated opportunities for participation into the global economy.

While developments in knowledge and technology are contributing to growth, they can also contribute to solving the collateral risks and threats that growth brings. Innovations in technology, management, and public policy increasingly offer organizations new choices in the way their operations, products, services, and other interactions impact on the earth, people, and economies.

The urgency and magnitude of these risks and threats to our collective sustainability on the one hand, and the increasing choice and opportunities on the other hand, will inevitably make organizations' transparency in disclosing about their impacts on global sustainability the expected norm in stakeholder relations, investment decisions, and other market relations. To support this expectation, a globally shared and widely understood framework of concepts, consistent language, and agreed metrics for communicating clearly and transparently about sustainability is needed. It is Global Reporting Initiative's mission to fulfill this need by providing a trusted and credible framework for sustainability reporting.

Transparency about the sustainability of organizational activities is of interest to a diverse range of stakeholders, including business, labor, non-governmental organizations, investors, accountancy, and others. GRI has relied on the collaboration of a large voluntary network of experts from all of these stakeholder groups in consensus-seeking consultations which have directly resulted in the creation and continuous improvement of the reporting framework since GRI's founding in 1997. This multi-stakeholder approach has given the reporting framework:
• Widespread credibility with stakeholder groups
• Leading insights on reporting needs as learned through feedback on the practical application of the reporting framework over time.

This document is the draft version of the third generation of Sustainability Reporting Guidelines (G3). It is the result of a multi-stakeholder collaboration that occurred over 2004 and 2005. It is being released for 90 days for the purpose of inviting widespread public comment. It will be further amended based on feedback received, and will then undergo an approval process involving GRI's governance system. The Guidelines are projected to be released in final form in October 2006.

The purpose of a sustainability report

Sustainability reporting is the practice measuring, disclosing and being accountable for organizational performance towards the goal of sustainable development. "Sustainability reporting" is a broad term that is considered synonymous with other terms used to describe accounting for economic, environmental, and social impacts (i.e., triple bottom line, corporate responsibility reporting, etc.)

A sustainability report should provide a balanced and reasonable representation of the sustainability performance of the reporting organization - including both positive and negative contributions. Sustainability reports based on the GRI reporting framework disclose outcomes and results that occurred within the reporting period in the context of the organization's commitments, strategy, and management approach. Reports can be used for the following purposes, among others:
• Benchmarking and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives.
• Demonstrating how the organization influences and is influenced by sustainable development expectations.
• Comparing performance within organizations and between different organizations over time.

Orientation to the GRI Reporting Framework

The GRI Reporting Framework is intended to serve as a generally accepted framework for reporting on an organization's economic, environmental, and social performance. It is designed for use by organizations of any size, sector, or location, and takes into account the practical considerations faced by a diverse range of organizations – from small enterprises to those with extensive and geographically dispersed operations. The GRI Framework describes the general and sector-specific content that has been identified by a wide range of stakeholders globally as generally applicable for describing an organization's sustainability performance.

The Guidelines consist of principles for defining report content and ensuring the quality of reported information as well as standard disclosures comprising performance indicators and other disclosure items. The Guidelines also include guidance on specific technical issues in reporting.

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[1] World Commission on Environment and Development. Our Common Future. Oxford: Oxford University Press, 1987, pg. 43.

Technical protocols exist for each of the performance indicators contained in the Guidelines. These technical protocols provide definitions, compilation guidance, and other information to assist report preparers and ensure consistency in the interpretation of the performance indicators. Users of the Guidelines should also use the technical protocols.
(see www.globalreporting.org/protocols).

Sector Supplements complement the Guidelines with interpretations and guidance on how to apply the Guidelines in the context of a given sector, and include sector-specific performance indicators. Applicable supplements should be used in addition to the Guidelines rather than in place of the Guidelines.

> ## Development process
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> All GRI reporting framework documents are developed using a process of seeking consensus through dialogue involving stakeholders from business, investors, labor, civil society, accounting, academia, and others. All reporting framework documents are subject to testing and continuous improvement.

Orientation to the GRI Guidelines

The Sustainability Reporting Guidelines consist of principles, standard disclosures, and specific guidance on technical issues that arise throughout the process of preparing a sustainability report. The Guidelines describe how and when each of these elements should be applied in decisions such as identifying stakeholders; selecting issues and indicators to report on; setting the report boundary; ensuring information quality; and indicators, frequency and medium of reporting, and assurance.

The principles, performance indicators and other standard disclosures are equal in weight and importance. When these elements are used in combination with the guidance on specific technical issues, they will result in successful reporting.

Executive Overview of the Guidelines

Part I – Report Content, Boundary, and Quality
Part I presents the sustainability reporting principles of inclusivity, relevance and materiality, sustainability context, and completeness, along with a brief set of tests for each principle. Application of these principles (which involves the use of standard disclosures) determines the issues and indicators to be reported. This is followed by guidance for reporting organizations on how to define the range of entities that should be represented by the report (also called the "report boundary"). This section concludes with the presentation of the principles of assurability, balance, comparability, accuracy, timeliness,

and clarity, along with tests that can be used to help achieve the desired quality of the reported information.

Part 2 - Standard disclosures
Part 2 presented the standard disclosures for sustainability reports. The Guidelines present information to report that is relevant and material to most organizations and of interest to most stakeholders in three types of standard disclosures:
- Disclosure items that set the overall context for reporting and for understanding organizational performance such as its strategy, profile, governance, and management approach.
- Disclosures on management approach that address how an organization approach a given set of aspects and provides context for understanding performance.
- Indicators that elicit comparable information on the economic, environmental, and social performance of the organization.

Part 3– Guidelines Use and Report Compilation
Part 3 provides guidance on how to apply the Guidelines, the frequency and medium of reporting, assurance, and other topics. The section concludes with a discussion of the importance of reporting for continuously improving sustainability performance.

> ## Complementary reporting framework components
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> - Sector Supplements provide interpretations, guidance and indicators that complement the Guidelines **www.globalreporting.org/supplements**
> - Technical Protocols should be used when responding to indicators **www.globalreporting.org/protocols**

Part 1: Report Content, Boundary, and Quality

This section provides reporting principles and guidance regarding:
- Defining report content
- Setting the report boundary
- Ensuring quality of reported information.

Defining Report Content

A determination must be made as to the content that should be covered in a report in order to ensure a balanced and reasonable presentation of the organization's performance.

Identification of stakeholders and consideration of their needs is of central importance to the process of defining report content since the stakeholders who are expected to use the report will become the reference point for many decisions regarding the preparation of the report. Stakeholders are defined broadly as those groups or individuals: (a) that can reasonably be expected to be significantly affected by the organization's activities, products and/or services; or (b) whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.

Stakeholder engagement

Stakeholder engagement is an important aspect of sustainability reporting. Guidance on stakeholder engagement is contained in the principle of inclusivity. Standard disclosure items 4.15-4.18 in Part 2 define what to report on stakeholder engagement and 3.10 - 3.11 define what to report about engagement specifically related to the report.

Reporting principles

Reporting principles describe the outcomes a report should achieve and guide decisions throughout the reporting process, such as which issues and indicators to report, and how to report them. In Part 1, each principle is explained, and is presented with a brief set of tests to help the reporting organization assess whether it has successfully applied the principles. The principles themselves are organized into two groups - principles for determining the issues and indicators on which the organization should report, and principles for ensuring the quality and appropriate presentation of reported information.

Guidance for Defining Report Content

The following approach should govern the use of the GRI reporting framework in preparing sustainability reports.

Overall process for defining report content:
- Identify the issues and related indicators that are relevant for the organization and therefore might be appropriate to report by using the principles of "inclusivity", "relevance and materiality", "sustainability context," and the guidance on setting boundaries.
- Apply the principles listed above using specific methods or processes (see below) to assess which issues and indicators are material, and therefore should be reported on[2].
  - Core indicators are assumed to be material unless demonstrated otherwise on the basis of the GRI reporting principles. GRI additional indicators will also be material in some cases.
  - The indicators in final versions of Sector Supplements are considered to be core indicators, and should be applied using the same approach as the core indicators found in the Guidelines.
  - In addition to the GRI standard disclosures, organization-specific indicators and other information may be useful to explain the organization's sustainability performance. These disclosures should be subject to the same principles and technical rigour as the GRI standard disclosures.
- Confirm that the information in the report and the report boundary are appropriate by applying the principle of completeness.

The specific methods or processes used for assessing materiality[3]:
- Differ for, and can be defined by, each organization.
- Should always take into account the guidance and tests found in the GRI reporting principles.
- Should be fully disclosed.

Using the principles:
- Should result in decisions to include, omit, or emphasize specific issues and indicators, and/or to include information beyond the standard disclosures.

Principles for Defining Report Content

Each of the reporting principles consists of a definition, an explanation, and a set of tests for the reporting organization to use in assessing use of the principles. The tests are intended to serve as tools for self-diagnosis, but not as specific items to report against. They can, however, serve as references for explaining decisions about the application of the principles.

Inclusivity
The reporting organization should identify its stakeholders and explain how it has responded to their issues in the report.

Explanation
The results of stakeholder engagement inform a range of decisions regarding a report, including but not limited to: the

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[2] GRI Disclosure Items apply to all reporting organizations.

[3] "Materiality" is used frequently in the GRI Guidelines, and should be interpreted as defined under the GRI reporting principles for the purposes of sustainability reporting under the GRI Framework.

issues to include in a report, the selection and prioritization of performance indicators and other information, the definition of the report boundary, the format of the report and the approaches taken to reinforce the credibility of the reported information. Organizations initiate different types of stakeholder engagement on a regular basis. These may include stakeholder engagement for the purpose of informing ongoing organizational or business processes, as well as engagement that is implemented specifically for the organization's report preparation. Stakeholders include those internal to the organization (e.g., employees) as well as those who are external (e.g., communities).

An organization can use a standardized method for stakeholder engagement or design its own approach. The engagement process should be sufficiently systematic to ensure that stakeholder views are properly understood. For a report to be assurable, the process of stakeholder engagement should be documented. The reporting organization should clearly and openly explain its approach for defining which stakeholders it engaged with, how and when it engaged with them, and how this engagement has influenced the report content and the organization's sustainability activities.

An organization will have a wide range of stakeholders with which it wishes to engage or towards which it seeks to exercise transparency. However, not all stakeholders will be likely users of the organization's sustainability report. Particularly where an organization's stakeholder groups have a broad or diverse range of interests, it may not be possible to meet the full information needs of all stakeholder groups through sustainability reporting alone. Therefore, an organization's assumptions about which stakeholders are envisioned as users of the report is important information for understanding the context of a report and decisions underlying its preparations. Under disclosure item 3.7, an organization can disclose which stakeholders it expects to use the report.

Failure to identify and engage with stakeholders is less likely to result in reports that are suitable to their needs and thereby less than fully credible to all parties. In contrast, systematic stakeholder engagement enhances stakeholder receptivity and the usefulness of the report. Executed properly, it is likely to result in continual learning within and outside the organization, and to strengthen trust between the reporting organization and its stakeholders. Trust, in turn, fortifies report credibility.

Tests
- The organization can describe the stakeholders to whom it considers itself to be accountable, and identifies the stakeholders that it expects to use the report.
- The report content draws upon the outcomes of stakeholder engagement processes used by the organization to manage its activities.
- The report content draws upon the outcomes of any stakeholder engagement processes undertaken specifically for the report.

- The stakeholder engagement processes that inform decisions about the report are consistent with the scope and boundary of the report.

Relevance and Materiality[4]
The information in a report should cover issues and indicators that would substantively influence the decisions of the stakeholders using the report.

Explanation
Relevance and materiality are concepts that help define the content of a report. An organization has faces a wide range of issues that it could report on. Relevant issues and indicators are those that may reasonably be considered to be important in influencing the decisions of the organization and of the stakeholders using the report, and therefore potentially merit inclusion in a report. Materiality is the threshold at which an issue or indicator becomes sufficiently important that it should be reported, and is also used to assess the relative priority of issues and indicators.

The relevance and materiality of sustainability information is determined by considering the combination of management or organizational priorities, the organization's sustainability impacts, and the interests of stakeholders in the organization's current and future activities. Factors such as the organization's overall mission and competitive strategy, concerns expressed by stakeholders, and the organization's range of influence in its value chain all affect the assessment of what is most material for the report.

Sustainability reports and all the information contained within should support assessments of performance and decision-making by stakeholders regarding the organization. This may involve disclosure of information for external stakeholders' use in a format that differs from the way the information may be used internally for day-to-day management purposes. However, such information does belong in a report where it can inform decision-making or support exchanges between the organization and stakeholders that can result in actions that would significantly influence performance or address key issues of stakeholder concern.

The report should focus the majority of its space on disclosing and explaining performance regarding the issues most material to its users, and the issues where the organization has the most significant sustainability impacts. Other material issues should be included, but be given less prominence. The organization should explain its processes for determining the relative priority of issues for its report. In the context of sustainability reporting, materiality is not a just a threshold beyond which all information is of equal importance, but it is also a reflection of the relative priority and level of interest in an issue.

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4 The use of materiality throughout the Guidelines is intended to refer to the definition, explanation, and accompany tests used to explain this sustainability reporting principle. This may differ in certain ways from the use of the word in other contexts.

Tests

External Factors

In defining material issues, the reporting organization takes into account external factors, including:

- Major sustainability interests/issues raised by stakeholders.
- The main issues for the sector reported by peers and competitors.
- Local, regional, national and international regulations, laws, or voluntary agreements with strategic significance to the organization.
- Reasonably estimable sustainability risks or opportunities (e.g., global warming, HIV-AIDS, poverty) identified through sound investigation by people with recognized expertise or by expert bodies with recognized credentials in the field.

Internal Factors

In defining material issues, the reporting organization takes into account internal factors, including:

- Key organizational values, policies, strategies, operational management systems, goals, and targets.
- Major risks to the organization.
- Critical factors for enabling organizational success.
- The organization's core competencies and the manner in which they contribute to sustainable development.

Prioritizing

- The report prioritizes material issues and indicators.

Transparency

Transparency is a value and a goal that underlies all aspects of sustainability reporting. Transparency is defined as the complete and balanced disclosure of information on the issues and indicators required by stakeholders to make decisions, and on the processes, procedures, and assumptions used in preparing those disclosures.

Sustainability Context

The reporting organization should present its performance in the wider context of sustainability, where such context has significant interpretive value.

Explanation

Performance information should be placed in context. The underlying question of sustainability reporting is how an organization contributes to the improvement or deterioration of economic, environmental, and social conditions at the local, regional, or global level. Simply reporting on trends in individual performance (or the efficiency of the organization) will fail to respond to this underlying question. Reporting organizations should therefore seek ways to express their individual performance in relation to broader environmental and social sustainability. This will involve discussing the performance of the

organization in the context of the limits and demands placed on environmental or social resources at the local, regional, or global level. For example, this could mean that in addition to reporting on trends in eco-efficiency, an organization might also present its absolute pollution loading in the context of the capacity of the regional ecosystem to absorb the pollutant. This concept is most clearly articulated in the environmental area in terms of global limits on resource use and on pollution levels, but can also be relevant with respect to social and economic objectives such as national or international socio-economic and sustainable development goals.

The organization's own sustainability and business strategy provides an important context for discussing performance. The relationship between sustainability context and organizational strategy should be clear, as should the context within which performance is reported.

Tests

- The organization presents its understanding of sustainable development and draws on the best available information and measures of sustainable development for the issues covered in the report.
- The organization presents its performance with reference to broader sustainable development conditions and goals as reflected in recognized local, regional, and/or global publications.
- The organization presents its performance in a manner that attempts to communicate the magnitude of its impact and contribution in appropriate geographical contexts.
- The report describes how major sustainability issues relate to long-term organizational strategy, risks, and opportunities, including supply-chain issues.

Completeness

Coverage of the relevant and material issues and indicators, and definition of the report boundary should be sufficient to enable stakeholders to assess the reporting organization's economic, environmental, and social performance in the reported period.

Explanation

An organization should disclose its performance in sufficient detail to enable stakeholders to make assessments. Completeness primarily encompasses the dimensions of scope, boundary, and time.

Scope dimension

Scope refers to the range of sustainability issues covered in a report, which should meet the expectations of the principle of relevance and materiality. The sum of the issues and indicators reported should be sufficient to enable the stakeholders who are expected to use the report to assess the organization's performance. Determining whether such information is sufficient for stakeholders should be based both on stakeholder engagement

processes and on broad-based societal concerns that may not have surfaced through the stakeholder engagement process.

Boundary dimension

Boundary refers to the range of entities' (e.g., subsidiaries, joint ventures, etc.) performance that is represented in the report. In setting the boundaries for a report, an organization must consider the range of entities over which it has control (often referred to as the "organizational boundary" and linked to definitions used in financial reporting) and the range of entities over which it exercises influence (often called the "operational boundary"). The boundary may vary based on the specific issue or type of information being reported.

> ### Boundary setting
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> For details on boundary-setting, see the next section on Setting the Report Boundary and also the Boundary Technical Protocol.
> **www.globalreporting.org/boundary**

Time dimension

The selected information should be complete with reference to the time period declared by the reporting organization. As far as practicable, activities, events, and impacts should be presented for the reporting period in which they occur. This includes reporting on activities that produce minimal short-term impact, but which have a significant and reasonably foreseeable cumulative effect that may become unavoidable, or irreversible in the longer term (e.g., bio-accumulative or persistent pollutants). In making estimates of future impacts (both positive and negative), the reporting organization should make well-reasoned estimates that reflect its best understanding of the likely size, nature, and scope of impacts. Although by nature subject to uncertainty, such estimates can provide useful information for decision-making as long as the bases for any estimates are clearly disclosed and the limitations of the estimates are clearly acknowledged. Disclosure of the nature and likelihood of such impacts, even if they may only materialize in the future, is consistent with the goal of providing a balanced and reasonable representation of the organization's economic, environmental, and social performance.

Tests
- The report covers issues and indicators prioritized on the basis of materiality, sustainability context, and stakeholder engagement, and was developed taking into account the whole value chain.
- The report includes all entities controlled or significantly influenced by the organization unless otherwise declared.
- The information in the report includes all significant actions or events in the period reported on, and reasonable estimates of significant future impacts of past events when those impacts are reasonably foreseeable and may become unavoidable or irreversible.
- The report does not omit relevant information that would

> ### Completeness and quality
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> Completeness can refer to practices in information collection (for example, ensuring that compiled data includes results from all sites within the report boundary) and whether the presentation of information is reasonable and appropriate for users. These issues are related to report quality, and are addressed in greater detail under the principles of accuracy and balance later in Part 1.

Setting the Report Boundary

In parallel with defining the content of a report, an organization must determine which entities' (e.g., subsidiaries and joint ventures) performance will be represented by the report. The boundary of a sustainability report should include the entities over which the reporting organization exercises control or significant influence.

The strategic significance of a given entity for information collection depends on the scale of its sustainability impacts. Entities with significant impacts typically generate the greatest risk or opportunity for an organization and its stakeholders, and therefore are the entities for which the organization is most likely to be perceived as being accountable or responsible. They are also most likely to affect the perceived sustainability performance of an organization. Figure 1 is a visual tool that can be used to assess whether an entity falls within the report boundary, using entities A-E as examples.

Level of Significance
of the entity in relation
to sustainability impacts

*The positions of entities may change according to issues.

Degree of Control or Influence
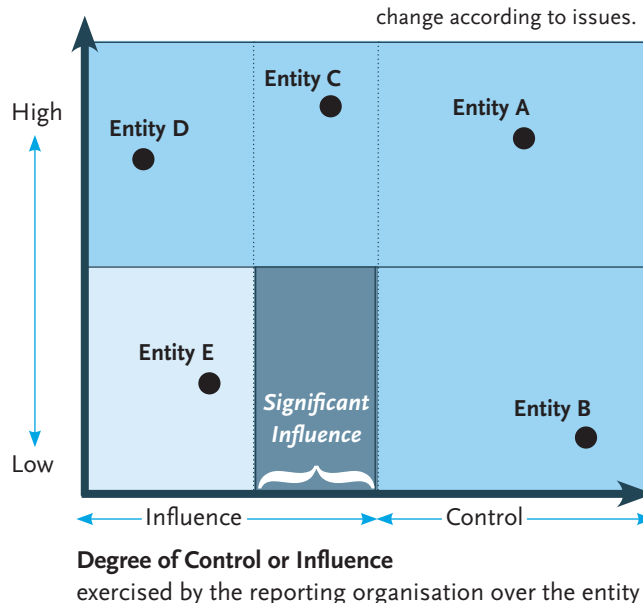exercised by the reporting organisation over the entity

Figure 1: **Evaluating Control/Influence and Impact**

Within the report boundary, not all entities will be reported on in the same manner. The manner for including an entity within the boundary will depend on the nature of the reporting organization's control or influence and whether the disclosure relates to operational performance, management performance, or narrative/descriptive information. For example, operational information such as emissions data can be reliably compiled from entities under the control of an organization, but may not be available for a joint venture or suppliers. The guidance on boundary setting is intended to recognize that the type of information that is available about entities will vary based on the nature of the relationship to the reporting organization.

Relationship between principles and boundary setting

The report boundary is primarily a dimension of the principle of completeness. However, the process of setting the boundary is also closely related to the application of the principles of inclusivity, materiality, and sustainability context. The boundary itself influences the application of the principles of assurability, balance, comparability, accuracy, timeliness, and clarity.

Guidance for Setting the Report Boundary
- A sustainability report should include in its boundary all entities that generate significant sustainability impacts (actual and potential) and/or over which the reporting organization exercises control or significant influence over financial and operating policies and practices.
- These entities can be included either through the use of indicators of operational performance, indicators of management performance, or narrative descriptions.
- At minimum, the reporting organization should cover the following entities in its report in the ways specified:
  - Entities over which the organization exercises control should be covered by indicators of operational performance.
  - Entities over which the organization exercises significant influence should be covered by indicators of management performance.
- The boundaries for narrative disclosures should include entities over which the organization does not exercise control/significant influence, but which are associated with key challenges for the organization because their impacts are significant.
- The reporting organization may choose not to gather data regarding a particular entity or group of entities within the defined boundary on the basis that it will not significantly change the final outcome of a disclosure. However, it is responsible for representing a reasonable and balanced picture of its performance considering the sum of all entities within its boundary.

Boundary setting

For further details, see the Boundary Technical Protocol. **www.globalreporting.org/boundary**

Quality of Reported Information

This section contains principles that guide choices on ensuring the quality of reported information, including its proper presentation. Decisions related to the processes of preparing information in a report should be consistent with these principles.

Principles for Ensuring the Quality of Reported Information

Balance
The report should provide a balanced and reasonable presentation of the reporting organization's performance.

Explanation
The overall presentation of the report content and of the information on specific issues should present an unbiased picture of the reporting organization's performance, avoiding selections, omissions, or presentation formats that are reasonably likely to unduly or inappropriately influence a decision or judgment by the report reader. The report should include both favorable and unfavorable results and should cover significant issues that can influence the decisions of stakeholders in proportion to their materiality. Reports should clearly distinguish between factual presentation and the reporting organization's interpretation of information.

Tests
- The report discloses both favorable and unfavorable results and issues.
- The information in the report is presented in a format that allows users to see positive and negative trends in performance.
- The emphasis on different content of the report is proportionate to the relative materiality of the issues or information.

How to use the principles

Each of the reporting principles consists of a definition, an explanation, and a set of tests for the reporting organization to assess their use of the principles. The tests are intended to serve as tools for self-diagnosis, but not as specific items to report against. They can, however, serve as a reference for explaining decisions about the application of the principles.

Comparability

The information reported should remain consistent and be compiled and presented in a manner that enables stakeholders using the report to analyze changes in the organization's performance over time as well as relative to other organizations.

Explanation

Comparability is the basis for interpreting performance. Stakeholders using the report should be able to compare information on economic, environmental, and social performance against the organization's earlier performance and against its objectives as well as against the performance of other organizations. Consistency in data calculations and report layout year-to-year, along with the explanation of methods and assumptions used in preparing information all facilitate comparability. Consistency allows internal and external parties to benchmark performance and assess progress as part of supporting rating activities, investment decisions, advocacy programs, and other activities. An organization should include absolute data as well as normalized data to ensure that users can make appropriate analytical comparisons.

When changes in boundary, scope, length of the reporting period or content occur (including in the design, definitions and use of any indicators in the report), reporting organizations should, whenever practicable, restate current disclosures alongside historical data (or vice versa) to ensure that time series information and cross-organizational comparisons are both reliable and meaningful. Where such restatements are not provided, the reporting organization should explain the reasons and discuss the implications for interpreting current disclosures.

Tests

- The report and the information contained within it can be compared on a year-to-year[5] basis.
- The organization's performance can be compared with appropriate benchmarks.
- Any significant variation in basic report content with respect to boundary, scope, length of reporting period, or information covered year-to-year can be identified and explained.
- Where they are available, the reporting organization applies generally accepted protocols for compiling information, including the GRI Technical Protocols for indicators contained in the Guidelines.
- The report uses GRI Sector Supplements, where available.

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[5] This and other tests refer to comparison across reporting periods. These tests are written on the assumption of an annual reporting cycle, but organizations may choose to report more or less frequently. The key point is to maintain comparison across periods.

Accuracy

The reported information should be accurate and sufficiently detailed for stakeholders using the report to make decisions with a high degree of confidence.

Explanation

Responses to economic, environmental, and social issues and indicators can be expressed in many different ways, ranging from qualitative responses to detailed quantitative measurements. The characteristics that determine accuracy vary according to the nature of the information and the user of the information. For example, the accuracy of qualitative information is largely determined by the degree of clarity, detail, and balance in presentation within the appropriate report boundary. The accuracy of quantitative information, on the other hand, may depend on the specific methods used to gather, compile, and analyze data. The specific threshold of accuracy that is necessary will partly depend on the intended use of the information. Certain decisions will require higher levels of accuracy in reported information than others.

Tests

- The report indicates what data has been measured.
- The data measurement techniques and bases for calculations are adequately described, and can be replicated with similar results.
- The margin of error for quantitative data is not sufficient to substantially influence conclusions on performance.
- The report indicates what data has been estimated and what assumptions and techniques have been used to produce the estimates.
- The qualitative statements in the report are valid on the basis of other reported information and other available evidence.

Timeliness

The information is presented in time, and on a regular schedule, for stakeholders using the report to be able to make informed decisions.

Explanation

The usefulness of information is closely tied to its timely availability to stakeholders. Timeliness ensures the utility of the information, enabling users to effectively integrate it into their decision-making.

Although a regular flow of information is desirable for meeting certain needs, reporting organizations should commit to a single moment in time to provide a consolidated disclosure of their economic, environmental, and social performance. This requires consistency in the frequency of reporting. This is necessary to ensure both comparability over time and accessibility of the report to stakeholders.

Tests

- Information in the report has been disclosed while it is recent relative to the reporting period.
- The sustainability reporting schedule is aligned with the

financial reporting cycle.

- The collection and availability of key performance information is aligned with the sustainability reporting schedule.
- The information in web-based reports clearly indicates the time period to which it relates, when it will be updated and when the last updates were made.

Clarity

Information should be made available in a manner that is understandable by and accessible to stakeholders using the report.

Explanation

The report presents information in a way (whether in printed form or through other media channels) that is understandable, accessible and usable by the organization's range of stakeholders. The organization should consider how to meet stakeholders' communication needs without losing important information, but yet avoiding excessive or unnecessary detail. Within the context of reported information, clarity requires both that information be presented in a manner that enables the stakeholder to find the desired information without unreasonable effort and that the information is understandable. Graphics and consolidated data tables can help make the information in the report accessible and understandable.

Tests

- The report contains the necessary level of information for the needs of report users, but avoids excessive and unnecessary detail.
- Report users can find the specific information that they want without unreasonable effort through tables of contents, maps, links, or other aids.
- The report includes a glossary or explanation for technical terms, acronyms, jargon or other content that is likely be unfamiliar to report users.
- The data and information in the report is available to major stakeholders including those with particular accessibility needs (differing abilities, language, technology).

Assurability

Information and processes used in the preparation of a report should be recorded, compiled, analyzed and disclosed in a way that could be subject to review and assurance.

Explanation

The core concept underpinning the principle of assurability is that a stakeholder should have confidence that a report could be checked for the reliability of its contents and its application of reporting principles. The decision-making processes underlying a report should be documented in a manner that would allow a review of the basis of key decisions (such as stakeholder engagement processes and processes for determining the report content and boundary). The information and data included in a report should be supported by internal documentation that could be reviewed by parties other than the report authors. Disclosures about performance that are not supported by internal records or other forms of evidence should not appear in a sustainability report. In designing information systems, reporting organizations should anticipate that the systems could be subject to assurance, including by independent parties.

Tests

- There is a statement from management taking responsibility for the content and process of preparing the report.
- The scope and extent of assurance, and the stakeholders expected to use the report are identified.
- The original source of all the information in the report can be identified by the organization.
- The organization can attest to the reliability of the original source, and, if not, that fact is disclosed.
- Representation is available from the original data or information owners, attesting to its reliability or accuracy within acceptable margins of error.
- There is external evidence available from reliable sources for supporting assumptions or approaches to technically complex calculations.

Part 2: Standard Disclosures

This section specifies the base content that should appear in a sustainability report, subject to the guidance on determining content in part 1 of the Guidelines. Reporting organizations are encouraged to follow this logical structure in compiling their reports, however, other formats may be chosen.

Disclosure items

1: Strategy and Analysis

1.1 Statement from the CEO and chair, or head of the organization who is independent of the reporting organization's executive management about the relevance of sustainability to the organization and its strategy.

The statement should present overall vision and strategy of the reporting organization for the short-term and medium-term (e.g., 3-5 years), particularly with regard to managing the key challenges associated with economic, environmental, and social performance. The statement should cover:

- Strategic priorities and key issues for the short/medium-term with regard to sustainability, including respect for internationally agreed standards, and how they relate to long-term organizational strategy and success;
- Broader trends (e.g., macroeconomic or political) affecting the organization and influencing sustainability priorities;
- Key events, achievements, and failures during the reporting period;
- Views on performance with respect to targets; and
- Outlook on the organization's main challenges and targets for the next year and goals for the coming 3-5 years.

1.2 Description of Key Risks and Opportunities

The reporting organization should provide two sections that summarize the performance and other contextual information that has the highest strategic significance for the organization and its stakeholders. Section A should be a concise narrative of the organization's sustainability impacts and effect on stakeholders, including rights as defined by national laws and relevant internationally agreed standards. This should take into account the range of concerns of stakeholders to the organization. Section B should focus on the disclosure of information relevant to understanding the impact of sustainability trends, risks, and opportunities on the prospects of the organization. This should concentrate specifically on information that is material for financial stakeholders or could become so in the future.

Section A should cover the following points:
- Description of the major impacts of the organization related to sustainability and associated major challenges and opportunities, including the effect on stakeholders' rights as defined by national laws and the expectations in internationally-agreed standards;

- Explanation of the organization's prioritization of its approach to these challenges and opportunities;
- Key conclusions regarding progress in addressing these issues and related performance in the reporting period, including assessment of reasons for underperformance; and
- Description of major processes in place to address performance and/or major changes.

Section B should cover the following points:
- Description of the most important risks and opportunities deriving from sustainability trends;
- Explanation and prioritization of key risks and opportunities according to their potential contribution to business strategy, competitive position, qualitative and (if possible) quantitative organizational value drivers;
- Table(s) summarizing:
  - targets, performance against targets, and commentary on lessons for various key risks and opportunities;
  - priorities, objectives, and mid-term goals (i.e., 3-5 years) for key risks and opportunities;
- Concise description of governance mechanisms in place specific to managing these risks and opportunities, and identification of other related risks and opportunities.

2: Organizational Profile

2.1 Name of the reporting organization.

2.2 Major brands, products and/or services, including volume or quantity of products/services provided.

The reporting organization should indicate the nature of its role in providing these products and services, and the degree to which the organization relies on outsourcing.

2.3 Operational structure of the organization and major divisions, operating companies, subsidiaries, and joint ventures.

2.4 Countries in which the organization's operations are located.

2.5 Nature of ownership and legal form.

2.6 Markets served (including geographic breakdown, sectors served, types of customers/beneficiaries).

2.7 Scale of the reporting organization, including:
- number of employees;
- net sales (for private sector organizations) or net revenues (for public sector organizations); and
- total capitalization broken down in terms of debt and equity (for private sector organizations).

In addition to the above, reporting organizations are encouraged to provide additional information, as appropriate, such as:

- total assets; and
- breakdowns by country/region of the following:
  - sales/revenues by countries/regions that make up 5 percent or more of total revenues;
  - costs; and - employees.

2.8 Major decisions during the reporting period regarding the location of, or changes in operations, including facility openings, closings, and expansions.

3. Report Parameters

Report Scope / Profile

3.1 Contact point for questions regarding the report or its contents.

3.2 Reporting period (e.g., fiscal/calendar year) for information provided.

3.3 Date of most recent previous report (if any).

3.4 Significant changes from previous years in the inclusion of, and measurement methods applied to, economic, environmental, and social issues and indicators.

3.5 Plans for future reporting.

3.6 Identify which GRI reporting framework documents have been applied, including supplements and protocols, and the extent of their application.

Explanation of Processes

3.7 Process for defining report content, including the process for determining the materiality and prioritization of issues within the report, and identification of the stakeholders that the organization expects to use the report.

Reference to how the organization has applied the Guidance on Defining Report Content and the associated principles will ordinarily be appropriate.

3.8 State any specific limitations on the scope of the report.

3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicatiors and other information in the report.

3.10 Approaches to stakeholder engagement activities undertaken specifically for the report, broken down by type of engagement and by stakeholder group.

3.11 Type of information (such as key issues and concerns) generated by stakeholder engagement activities implemented specifically for the purposes of report preparation.

Reporting Boundary

3.12 Boundary of the report (countries/regions, divisions/ facilities/ joint ventures/subsidiaries).

If boundary and scope do not match the full range of economic, environmental, and social impacts of the organization, state the strategy and projected timeline for providing complete coverage.

3.13 Significant changes in size, structure, ownership, or products/services that have occurred since the previous report.

Include an explanation whether these changes have affected the boundaries of the report.

3.14 Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organizations.

3.15 Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).

GRI Content Index

3.16 Table identifying the location of the standard disclosures in the report[6].

Identify the page numbers where the following disclosure items and performance indicators can be found:
- *Strategy and Analysis 1.1 – 1.2;*
- *Organizational Profile 2.1 – 2.8;*
- *Report Parameters 3.1 – 3.16;*
- *Governance, Commitments, and Engagement 4.1 – 4.18;*
- *Disclosure of Management Approach, per category;*
- *Core performance indicators;*
- *Any GRI additional indicators that were included; and*
- *Any GRI sector supplement indicators included in the report*

Assurance

3.17 Policy and current practice with regard to seeking independent assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any independent assurance provided as well as nature of the relationship with the assurance provider.

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[6] Note that it is likely that the highest level(s) of the reporting levels will involve explaining omissions to core indicators. See page 56 for more information on reporting levels.

4: Governance, Commitments, & Engagement

Governance

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or oversight of the organization.

Describe the mandate and composition (including number of independent members and/or non-executive members) of such committees and indicate any direct responsibility for economic, social, and environmental performance.

4.2 Indicate if the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).

4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.

State how the organization defines 'independent' and 'non-executive'. This element applies only for organizations that have unitary board structures. See the glossary for a definition of independent.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

Include reference to processes regarding: (i) the use of shareholder resolutions or other mechanisms for enabling minority shareholders to express opinions to the highest governance body; and (ii) informing and consulting employees, the working relationships with formal representation bodies such as organization level 'works councils', and representation of employees in the highest governance body.

Identify major issues related to economic, environmental and social performance raised through these mechanisms during the reporting period.

4.5 Linkage between compensation (including departure arrangements) and the organization's performance (including social and environmental performance) for members of the highest governance body, senior managers, and executives.

4.6 Process for determining required qualifications and expertise of the members of the highest governance body to guide the strategy of the organization, including on issues related to economic, environmental, and social performance.

4.7 Processes of the highest governance body to ensure conflicts of interest are avoided.

4.8 Internally developed mission and values statements, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.

Include the degree to which these (i) are applied across the organization in different regions and department/units and (ii) relate to internationally agreed standards.

4.9 Processes of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including the identification and management of relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.

Include frequency with which the highest governance body assesses sustainability performance.

4.10 Processes for evaluating the performance of the highest governance body, particularly with respect to economic, environmental, and social performance.

Commitments to External Initiatives

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.

This could include examples that illustrate the organization's approach to risk management in operational planning or the development and introduction of new products. For reference, see the glossary for text of Article 15 of the Rio Principles on the precautionary approach.

4.12 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organization subscribes or which it endorses.

Include date of adoption and countries/operations where applied and the range of stakeholders involved in the development and governance of these initiatives.

4.13 Significant memberships in associations (such as industry associations), and/or national/international advocacy organizations.

Stakeholder Engagement

These disclosure items refer to general stakeholder engagement conducted by the organization over the course of the reporting period which was not specifically for the purposes of preparing a report.

4.14 List of stakeholder groups engaged by the organization.

Examples of stakeholder groups are:
• communities;

- *civil society;*
- *customers;*
- *shareholders and providers of capital;*
- *suppliers;*
- *trade unions; and*
- *workforce, direct and indirect.*

4.15 Basis for identification and selection of stakeholders to engage.

This includes the process for defining an organization's stakeholders, and for determining with which groups to engage, and those groups not to engage.

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

This could include surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles.

4.17 Key issues and concerns that have been raised through stakeholder engagement and how the organization has responded to those key issues and concerns.

Pillars of sustainability

Sustainability performance can be divided into three domains: economic, social and environmental. These domains provide the organizing principle for the indicators, though these categories are highly interrelated and other organizing schemes are possible.

Disclosures on Management Approach and Performance Indicators

The section on sustainability performance indicators is organized under the categories of economic, environment, and social. Social sustainability indicators are further categorized into labor, human rights, society, and product responsibility. Each category comprises a Disclosure on Management Approach ('Management Approach') and a corresponding set of core and additional performance indicators. Core indicators are those indicators that are of interest to most stakeholders and are assumed to be material unless demonstrated not to be on the basis of the GRI reporting principles. Additional indicators represent emerging practice or address issues that may be material in the context of specific organizations, but are not material for a majority.

The Disclosure(s) on Management Approach should provide a brief overview of the organization's approach to the aspects defined under each category to set the context for the performance information. The organization can structure its Disclosures Management Approach to cover the full range of aspects under a given category or address aspects in groups. However, the disclosure should adequately address all the aspects associated with each category regardless of the format or grouping.

Disclosure items 1.1 and 1.2 on Strategy and Analysis (above) are intended to focus on risks and opportunities facing the organization as a whole. If the information that responds to any of items in a Disclosure on Management Approach would also be found in the Strategy and Analysis disclosures, or any other section of the report, it is not necessary to repeat it in the Management Approach, but may be useful for stakeholders using the report to do so.

In each category, the Management Approach is followed by specific performance indicators. Where final versions of Sector Supplements exist, the report should also review these as outlined in the Guidance on Defining Report Content. In reporting on the indicators, the organization should keep in mind the following guidance on data compilation:
- Information should be presented for the current reporting period (e.g., one year) and at least two previous periods, as well as future targets where they have been established for the short and medium term.
- Performance indicators are accompanied by technical protocols that provide basic guidance on interpreting and compiling information for the indicator. Organizations should use the protocols when reporting on the indicators;
- In some cases, ratios or normalized data are useful and appropriate formats for data presentation. If ratios or normalized data are used, absolute data should also be provided;
- Where final versions of Sector Supplements exist that are relevant to an organization, the indicators contained within are considered to be core indicators; and

Economic Performance

The economic dimension of sustainability concerns the organization's impacts on the economic conditions of its stakeholders and on economic systems at the local, national and global levels. The economic indicators illustrate:

• flow of capital amongst different stakeholders
• main economic impacts of the company throughout society.
An organization's own financial performance is fundamental to understanding an organization and its basis for sustainability. However, this information is normally already reported in organizations' financial accounts. What is often reported less and is frequently desired by users of sustainability reports is the organization's contribution to the sustainability of a larger economic system, not just of the organization itself.

Disclosure on Management Approach

Provide a concise disclosure on the following items with reference to the following aspects:
    a. Economic performance
    b. Market presence
    c. Indirect economic impacts

Policy
State any brief, organization-wide policy (or policies) that define the organization's overall commitment on the areas listed above or state where this can be found in the public domain (e.g. web link).

Responsibility
Identify the most senior position with operational responsibility for economic areas or explain how operational responsibility is divided at the senior level for economic areas.

Management
Identify key elements of management approach, including certifications for economics-related systems obtained from outside parties. Indicate percentage of operations covered by certifications.

Goals & Performance
List organization-wide goals set regarding performance against the economic aspects listed above[7].

Report performance against goals. Use company-specific indicators as needed in addition to the GRI performance indicators.

Awards

Identify relevant awards related to performance on economic issues that the organization has received from external parties.

Fines
Indicate the total amount and number of economics-related civil and criminal fines and other penalties (including imprisonment) assessed against the organization or its directors and officers when in their organizational capacity. Explain what response has been taken to resolve any issue for which significant fines were paid or for which organization's directors or officers were imprisoned.

Context
Disclose other relevant information required for stakeholders using the report to understand organizational performance, including:
• Key successes and shortcomings;
• Major organizational risks and opportunities related economic issues; and
• Major changes in the reporting period to systems or structures to improve performance

Economic Performance Indicators

Aspect: **Economic Performance**
EC1. Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and to governments *(core)*

EC2 Financial implications of climate change *(core))*

EC3 Coverage of the organization's defined benefit pension plan obligations *(core)*

EC4 Financial assistance received from government *(core)*

Aspect: **Market Presence**
EC5 Entry level wage compared to local minimum wage for significant locations of operation *(core)*

EC6 Practices and proportion of spending on locally-based suppliers at significant locations of operation *(core)*

EC7 Procedures for local hiring, and proportion of senior management in locations of significant operation from the local community" *(core)*

Aspect: **Indirect Economic Impacts**
EC8 Description of infrastructure investments and services supported that provide public benefit *(core)*

EC9 Indirect economic impacts *(additional)*

Environmental Performance

The environmental dimension of sustainability concerns an organization's impacts on living and non-living natural systems, including ecosystems, land, air, and water. The structure of environmental indicators covers input (material, energy, water) and output (emissions, effluents, waste) related performance. In addition they cover performance related to biodiversity, environmental compliance, and other relevant information such as environmental expenditure, and the impacts of products and services.

Disclosure on Management Approach

Provide a concise disclosure on the following items with reference to the following aspects:

   a. Materials
   b. Energy
   c. Water
   d. Biodiversity
   e. Emissions, Effluents, and Waste
   f. Products and Services
   g. Transport

Policy
State any brief, organization-wide policy (or policies) that define the organization's overall commitment on the areas listed above or state where this can be found in the public domain (e.g. web link).

Responsibility
Identify the most senior position with operational responsibility for Environment areas or explain how operational responsibility is divided at the senior level for Environment areas.

Management
Identify key elements of management approach, including certifications for Environment related systems obtained from outside parties. Indicate percentage of operations covered by certifications.

Goals & Performance
List organization-wide goals set regarding performance against the Environment topics listed above[8].

Report performance against goals. Use company-specific indicators as needed in addition to the GRI performance indicators.

Awards
Identify relevant awards related to performance on Environment issues that the organization has received from external parties.

Fines
Indicate the total amount and number of Environment related civil and criminal fines and other penalties (including imprisonment) assessed against the organization or its directors and officers when in their organizational capacity. Explain what response has been taken to resolve any issue for which significant fines were paid or for which organization's directors or officers were imprisoned.

Context
Disclose other relevant information required for stakeholders using the report to understand organizational performance, including:
- Key successes and shortcomings;
- Major organizational risks and opportunities related environment issues; and
- Major changes in the reporting period to systems or structures to improve performance

Environmental Performance Indicators

Aspect: **Materials**
EN 1 Weight of materials used *(core)*

EN2 Percentage of materials used that are recycled *(core)*

Aspect: **Energy**
EN3 Direct energy consumption broken down by primary energy source *(core)*

EN4 Indirect energy consumption broken down by primary source *(core)*

EN5 Percentage of total energy consumption met by renewable resources *(additional)*

EN6 Total energy saved due to conservation and efficiency improvements *(additional)*

EN7 Initiatives to provide energy-efficient products and services *(additional)*

EN8 Initiatives to reduce indirect energy consumption *(additional)*

Aspect: **Water**
EN9 Total water withdrawal by source *(core)*

EN10 Water sources and related habitats significantly affected by withdrawal of water *(additional)*

EN11 Percentage and total volume of water recycled and reused *(additional)*

Aspect: **Biodiversity**
EN12 Location and size of land owned, leased, or managed in, or adjacent to, protected areas *(core)*

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[8] A "goal" refers to an organization-wide result which the organization intends to achieve and against which progress can be measured.

EN13 Description of significant impacts of activities on protected areas (core)

EN14 Area of habitats protected or restored *(additional)*

EN15 Programs for managing impacts on biodiversity *(additional)*

EN16 Number of IUCN Red List species with habitats in areas affected by operations broken down by level of extinction risk *(additional)*

Aspect: **Emissions, Effluents, and Waste**
EN17 Greenhouse gas emissions *(core)*

EN18 Emissions of ozone-depleting substances *(core)*

EN19 NOx, SOx, and other significant air emissions by weight *(core)*

EN20 Total amount of waste by type and destination *(core)*

EN21 Total water discharge and quality *(core)*

EN22 Total number and volume of significant spills *(core)*

EN23 Other relevant indirect greenhouse gas emissions *(core)*

EN24 Weight of transported, imported, or exported waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII *(additional)*

EN25 Water sources and related habitats significantly affected by discharges of water and runoff *(additional)*

Aspect: **Products and Services**
EN26 Initiatives to manage the environmental impacts of products and services and extent of impact reduction *(core)*

EN27 Percentage of products sold that is reclaimed at the end of the products' useful life by product category *(core)*

Aspect: **Compliance**
EN28 Incidents of, and fines or non-monetary sanctions for, non-compliance with applicable environmental regulations *(core)*

Aspect: **Transport**
EN29 Significant environmental impacts of transportation used for logistical purposes *(additional)*

Aspect: **Overall**
EN30 Total environmental protection expenditures by type *(additional)*

Social Performance

The social dimension of sustainability concerns an organization's impacts on the social systems within which it operates.

The GRI social performance indicators identify key performance aspects surrounding labor practices, human rights, and broader issues affecting consumers, community, and other stakeholders in society.

Social Performance: Labor Practices and Decent Work

The specific aspects under the category of labor practices and human rights performance are based in the first instance on internationally recognized universal standards such as the Conventions of the International Labour Organisation (ILO) and international instruments such as the United Nations Universal Declaration of Human Rights and its Protocols. In particular, the labor practices and human rights indicators also draw upon the two instruments directly addressing the social responsibilities of business enterprises: ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Disclosure on Management Approach

Provide a concise disclosure on the following with reference to the following aspects:
   a. Employment
   b. Labor/Management relation
   c. Occupational Health and Safety
   d. Training and Education
   e. Diversity and Equal Opportunity

Policy
State any brief, organization-wide policy (or policies) that define the organization's overall commitment on the areas listed above or state where this can be found in the public domain (e.g. web link) and reference their linkage to the international standards and conventions as indicated above.

Responsibility
Identify the most senior position with operational responsibility for Labor areas or explain how operational responsibility is divided at the senior level for Labor areas.

Management
Identify key elements of management approach that supports the division of management responsibilities. This should include procedures involving information, consultation, and negotiation with employees over changes in the reporting organization's operations and description of monitoring systems

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8 A "goal" refers to an organization-wide result which the organization intends to achieve and against which progress can be measured.

set up along the supply chain. Also indicate certifications for labor-related systems obtained from outside parties. Indicate percentage of operations covered by certifications.

Goals & Performance
List organization-wide goals set regarding performance relevant to the labor category and reference their linkage to the international standards and conventions as indicated above[9].

Report performance against goals. Use company-specific indicators as needed in addition to the GRI performance indicators.

Awards
Identify relevant awards related to performance on Labor issues that the organization has received from external parties.

Fines
Indicate the total amount and number of Labor related civil and criminal fines and other penalties (including imprisonment) assessed against the organization or its directors and officers when in their organizational capacity. Explain what response has been taken to resolve any issue for which significant fines were paid or for which organization's directors or officers were imprisoned.

Context
Disclose other relevant information required for stakeholders using the report to understand organizational performance, including:
• Key successes and shortcomings;
• Major organizational risks and opportunities related Labor issues; and
• Major changes in the reporting period to systems or structures to improve performance

Social Performance: Labor Practices & Decent Work Performance Indicators

Aspect: **Employment**
LA1   Breakdown of total workforce by employment type and by region *(core)*

LA2   Total number and rate of employee turnover broken down by age group and gender *(core)*

LA3   Minimum benefits provided to full-time employees, which are not provided to temporary or part-time employees *(additional)*

Aspect: **Labor/Management Relations**
LA4   Percentage of employees represented by independent trade union organizations or covered by collective bargaining agreements *(core)*

LA5   Minimum notice period(s) and consultation and nego-tiation practices with employees and/or their representatives regarding operational changes *(core)*

Aspect: **Occupational Health and Safety**
LA6   Percentage of workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs *(core)*

LA7   Rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities *(core)*

LA8   Education, training, counseling, prevention and risk-control programs in place for assisting workforce members, their families or community members affected by HIV/AIDS or other serious communicable diseases *(core)*

LA9   Elements of occupational health and safety management approach *(additional)*

LA10   Health and safety topics covered in formal agreements with trade unions *(additional)*

Aspect: **Training and Education**
LA11   Average hours of training per year per employee broken down by employee category *(core)*

LA12   Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings *(additional)*

LA13   Percentage of employees receiving regular performance and career development review *(additional)*

Aspect: **Diversity and Opportunity**
LA14   Composition of governance bodies' and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity *(core)*

LA15   Ratio of average remuneration of men and women broken down by employee category *(additional)*

Social Performance: Human Rights

Human Rights performance indicators require organizations' reporting on the extent of consideration of Human Rights impacts as part of investment and supplier/contractors selection practices. Additionally, they cover employee and security forces training on human rights and particularly incidents related to Non-discrimination, Freedom of Association, Child Labor and Forced and Compulsory Labor. Humans Rights are defined in the United Nations Universal Declaration of Human Rights and its Protocols and the ILO Declaration on Fundamental Principles and Rights at Work of 1998.

Disclosure on Management Approach

Provide a concise disclosure on the following items with reference to the following aspects:
  a. Management practices
  b. Non-discrimination including rights as defined in ILO Conventions 100 & 111
  c. Freedom of Association and collective bargaining as defined in ILO Conventions 87 & 98
  d. Abolition of Child Labor as defined in ILO Conventions 138 & 182
  e. Prevention of Forced and Compulsory Labor as defined in ILO Convention 29 & 105
  f. Disciplinary Practices
  g. Security Practices
  h. Indigenous Rights

Policy
State any brief, organization-wide policy (or policies) that define the organization's overall commitment on the areas listed above or state where this can be found in the public domain (e.g. web link) and reference their linkage to the international standards and conventions as indicated above.

Responsibility
Identify the most senior position with operational responsibility for Human Rights areas or explain how operational responsibility is divided at the senior level for Human Rights areas.

Management
Identify key elements of management approach that supports the division of management responsibilities. This should include description of guidelines and procedures to deal with human rights relevant to operations, including monitoring mechanisms set up along the supply chain and results. Specify the degree to which independent oversight systems are used. Also indicate certifications for Human Rights related systems obtained from outside parties. Indicate percentage of operations covered by certifications.

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10 A "goal" refers to an organization-wide result which the organization intends to achieve and against which progress can be measured.

Goals & Performance
List organization-wide goals set regarding performance against the Human Rights topics listed above[10].

Report performance against goals. Use company-specific indicators as needed in addition to the GRI performance indicators.

Awards
Identify relevant awards related to performance on Human Rights issues that the organization has received from external parties.

Fines
Indicate the total amount and number of Human Rights related civil and criminal fines and other penalties (including imprisonment) assessed against the organization or its directors and

officers when in their organizational capacity. Explain what response has been taken to resolve any issue for which significant fines were paid or for which organization's directors or officers were imprisoned.

Context
Disclose other relevant information required for stakeholders using the report to understand organizational performance, including:
• Key successes and shortcomings;
• Major organizational risks and opportunities related Human Rights issues; and
• Major changes in the reporting period to systems or structures to improve performance

Social Performance: Human Rights Performance Indicators

Aspect: **Management Practices**
HR1   Percentage of significant investment agreements that include human rights clauses or that underwent human rights screening *(core)*

HR2   Percentage of major suppliers and contractors that underwent screening on human rights *(core)*

HR3   Type of employee training on policies and procedures concerning aspects of human rights relevant to operations, including number of employees trained *(additional)*

Aspect: **Non-discrimination**
HR4   Incidents of discrimination *(core)*

Aspect: **Freedom of Association**
HR5   Incidents of violations of freedom of association and collective bargaining (core)

Aspect: **Child Labor**
HR6   Incidents of child labor *(core)*

Aspect: **Forced and Compulsory Labor**
HR7 Incidents of forced or compulsory labor *(core)*

Aspect: **Disciplinary Practices**
HR8 Procedures for complaints and grievances filed by customers, employees, and communities concerning human rights, including provisions for non-retaliation *(additional)*

Aspect: **Security Practices**
HR9 Percentage of security personnel trained in organization's policies or procedures regarding human rights *(additional)*

Aspect: **Indigenous Rights**
HR10 Incidents involving rights of indigenous people *(additional)*

Social Performance: Society

Society performance indicators focus attention on the impacts of organizations upon the communities in which they operate and to disclose how the risks attendant upon their interactions with other social institutions are managed and mediated. In particular, information is sought on the risks from bribery and corruption, undue influence in public policy-making and monopoly practices.

Disclosure on Management Approach

Provide a concise disclosure on the following items with reference to the following aspects:
   a. Community
   b. Corruption
   c. Public Policy
   d. Anti-Competitive Behavior

Policy
State any brief, organization-wide policy (or policies) that define the organization's overall commitment on the areas listed above or state where this can be found in the public domain (e.g. web link).

Responsibility
Identify the most senior position with operational responsibility for Society areas or explain how operational responsibility is divided at the senior level for Society areas.

Management
Identify key elements of management approach, including certifications for Society related systems obtained from outside parties. Indicate percentage of operations covered by certifications.

Goals & Performance
List organization-wide goals set regarding performance against the Society topics listed above[11].

Report performance against goals. Use company-specific indicators as needed in addition to the GRI performance indicators.

Awards
Identify relevant awards related to performance on Society issues that the organization has received from external parties.

Fines
Indicate the total amount and number of Society related civil and criminal fines and other penalties (including imprisonment) assessed against the organization or its directors and officers when in their organizational capacity. Explain what response has been taken to resolve any issue for which significant fines were paid or for which organization's directors or officers were imprisoned.

Context
Disclose other relevant information required for stakeholders using the report to understand organizational performance, including:
• Key successes and shortcomings;
• Major organizational risks and opportunities related Society issues; and
• Major changes in the reporting period to systems or structures to improve performance

Social Performance: Society Performance Indicators

Aspect: **Community**
SO1 Programs and practices for assessing and managing the impacts of operations on communities, including entering, operating and exiting *(core)*

Aspect: **Corruption**
SO2 Extent of training and risk analysis to prevent corruption *(core)*

SO3 Actions taken in response to instances of corruption *(core)*

Aspect: **Public Policy**
SO4 Participation in public policy development and lobbying *(core)*

SO5 Total value of contributions to political parties or related institutions broken down by country *(additional)*

Aspect: **Anti-Competitive Behavior**
SO6 Instances of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes *(additional)*

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[11] A "goal" refers to an organization-wide result which the organization intends to achieve and against which progress can be measured.

Social Performance: Product Responsibility

Product responsibility performance indicators address those aspects of reporting organization's products and services that directly affect customers: health and safety, information and labeling, marketing, and privacy.

These aspects are chiefly covered through disclosure on internal procedures and extent to which these procedures are not complied with.

Disclosure on Management Approach

Provide a concise disclosure on the following items with reference to the following aspects:
- a. Costumer Health and Safety
- b. Products and Services
- c. Marketing Communications
- d. Customer Privacy

Policy
State any brief, organization-wide policy (or policies) that define the organization's overall commitment on the areas listed above or state where this can be found in the public domain (e.g. web link).

Responsibility
Identify the most senior position with operational responsibility for Product Responsibility areas or explain how operational responsibility is divided at the senior level for Product Responsibility areas.

Management
Identify key elements of management approach, including certifications for Product Responsibility related systems obtained from outside parties. Indicate percentage of operations covered by certifications.

Goals & Performance
List organization-wide goals set regarding performance against the Product Responsibility topics listed above[12].

Report performance against goals. Use company-specific indicators as needed in addition to the GRI performance indicators.

Awards
Identify relevant awards related to performance on Product Responsibility issues that the organization has received from external parties.

Fines
Indicate the total amount and number of Product Responsibility related civil and criminal fines and other penalties (including imprisonment) assessed against the organization or its directors and officers when in their organizational capacity. Explain what response has been taken to resolve any issue for which significant fines were paid or for which organization's directors or officers were imprisoned.

Context
Disclose other relevant information required for stakeholders using the report to understand organizational performance, including:
- Key successes and shortcomings;
- Major organizational risks and opportunities related Product Responsibility issues; and
- Major changes in the reporting period to systems or structures to improve performance

Social Performance: Product Responsibility Performance Indicators

Aspect: **Customer Health and Safety**
PR1 Procedures for improving health and safety across the life cycle of products and services *(core)*

PR2 Number and type of instances of non-compliance with regulations concerning health and safety effects of products and services ** *(additional)*

Aspect: **Products and Services**
PR3 Procedures for product and service information and labeling *(core)*

PR4 Number and type of instances of non-compliance with regulations concerning product and service information and labeling ** *(additional)*

PR5 Procedures related to customer satisfaction, including results of surveys measuring customer satisfaction." *(additional)*

Aspect: **Marketing Communications**
PR6 Procedures and programs for adherence to laws, standards, and voluntary codes related to marketing communications including advertising, promotion and sponsorship *(additional)*

PR7 Number and type of instances of non-compliance with regulations concerning marketing communications including advertising, promotion and sponsorship. ** *(additional)*

Aspect: **Customer Privacy**
PR8 Percentage of customer data covered by the data protection procedures *(core)*

PR9 Number of substantiated complaints regarding breaches of customer privacy *(additional)*

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[12] A "goal" refers to an organization-wide result which the organization intends to achieve and against which progress can be measured.

Part 3: Guidelines use and report compilation

Get started

All organizations are encouraged to report against the Guidelines whether they are beginners or experienced reporters. The first step is to determine report content and guidance for this is provided in Part 1. Some organizations may choose to introduce reporting on all material issues at once, while others may start with the most practicable issues first and phase in reporting on other issues over time. All reporting organizations should describe the scope of its report.

Reporting Levels

The 2002 Sustainability Reporting Guidelines offered two options for declaring use of the GRI Guidelines: incremental and 'in accordance.' In the future, a system of approximately 3-5 reporting levels that reflect the extent of application of the GRI Reporting Framework will be designed. The reporting levels are expected to be self-declared and will assist report preparers and users by:

- helping report preparers that are just starting sustainability reporting to envision different approaches or phases for developing their reporting practices over time; and
- enabling report preparers to better express and stakeholders to more clearly understand how the GRI framework has been used in preparing a report.

The reporting levels will not be a substitute for independent assurance and will not attest to the accuracy of the information in a report or the performance of an organization.

Feasibility assessment

The content determination processes will result in a set of issues and indicators that are material for the organization. The content definition, prioritization, and boundary setting processes will result in a set of issues and indictors on which to report. However, practical challenges such as the availability of data, the cost of gathering it, the confidentiality of information, privacy or other legal concerns, the reliability of the available information, and other factors may result in a legitimate decision not to disclose the information. Where material information is omitted for such reasons, the report should clearly indicate this and the reasons why.

Frequency and medium of reporting

Electronic or web-based reporting and paper versions are appropriate mediums for reporting. Reporting on economic, environmental, and social performance could coincide or be integrated with other organizational reporting, such as annual financial report and accounts. Coordinated timing will reinforce the linkages between financial performance and economic, environmental, and social performance.

A moment in time

A report should provide a consolidated account of sustainability performance covering a defined reporting period. This should be registered with the GRI secretariat in connection with the organization's regular reporting cycle, typically annually or bi-annually (see request for notification of use, below). An organization may choose to update information on a more regular basis. However, for comparability purposes, reporting periods covered by a consolidated account of performance should remain consistent as much as possible.

Year-on-year reporting

An organization preparing a report may identify areas of information that have not changed since the prior report (e.g., a policy that has not been amended). The organization may choose to update the sections on issues and indicators that have changed and to retain the disclosures that have not changed. However, the full set of information for the each reporting period should be presented in a single location.

Data aggregation and disaggregation

Reporting organizations will need to determine the level of aggregation at which to present information. This requires balancing the effort required against the added meaningfulness of information reported on a disaggregated basis (e.g., country or site). Aggregation of information can result in the loss of a significant amount of the value to stakeholders using the report, and also risks masking particularly strong or poor performance in specific areas. Reporting organizations should disaggregate information to an appropriate level as determined through consultation with stakeholders, which may vary by indicator.

Choices on Assurance

Organizations seek to add credibility to their reports through a variety of approaches, which involve internal and external resources. The use of independent, external assurance for sustainability reports is recommended. The use of internal audit processes is also important for supporting the management of information and the preparation of a sustainability report. The term assurance is widely used, but can be understood by different groups in varying ways. The use here is intended to refer to activities undertaken by independent, impartial, and competent parties to provide opinions about a sustainability report.

More resources on assurance

Supporting resources to help explain issues and options associated with assurance will be developed as part of the ongoing G3 work. What further resources would be most useful, including key questions and topics to address?

Visit **www.grig3.org** to submit your ideas via the online public comment form.

Request for notification of use

Organizations that have used the Guidelines and/or other elements of the GRI Reporting Framework during the preparation of their report are requested to notify the Global Reporting Initiative upon its release. Such reports should contain the following two items:

- A statement that indicates that the report was prepared with reference to the Guidelines.
- A GRI content index that lists where all the responses to the standard disclosures can be found by citing a page number or URL.

Organizations can register reports on the website: **www.globalreporting.org/reports**

Report Use

An organization's report is a living process and tool, and does not begin or end with a printed or on-line publication. Reporting should fit into a broader process for setting organizational strategy, implementing action plans, and assessing outcomes. Reporting enables a robust assessment of the organization's performance, and can support continuous improvement in performance over time. It also serves as a tool for engaging with stakeholders and securing useful input to organizational processes.

Glossary

Additional indicators

Additional indicators are those indicators identified in the GRI Guidelines that represent emerging practice or address issues that may be material in the context of specific organizations but are not generally material for a majority.

Boundary

The boundary for a sustainability report refers to the range of entities' performance that is covered in the organization's sustainability report.

Content index

A GRI content index is a table or matrix that lists all of the standard disclosures and where responses to the disclosures can be found (page number or URL). Reporting organizations can also add reference to organization-specific (non-GRI Guidelines) indicators. The content index provides users with a quick overview of what has been reported and increases ease of report use. A content index is especially important if some of the disclosures appear in other reports - such as the financial report or previous sustainability reports.

Core indicator

Core indicators are those indicators identified in the GRI Guidelines that are of interest to most stakeholders and assumed to be material unless demonstrated not to be on the basis of the GRI Reporting Principles.

Disclosure item

The numbered information requirements in Part 2 of the Guidelines that set the overall context for reporting and understanding organizational performance. (e.g., 2.1, 3.13)

Global Reporting Initiative

The Global Reporting Initiative (GRI) is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines.

GRI Reporting Framework

The GRI reporting framework is intended to provide a generally accepted framework for reporting on an organization's economic, environmental, and social performance. The Framework consists of the Sustainability Reporting Guidelines, the Technical Protocols and the Sector Supplements.

Independent Board Member

Definitions for "independent" can vary between legal jurisdictions. Independent usually implies that the member has no financial interest in the organization or other potential benefits that could create a conflict of interest. Organizations using the Guidelines should state the definition used for "independent."

Indicator categories

Broad areas, or groupings, of sustainability issues. The categories included in the GRI Guidelines are: economic, environmental, or social. The social grouping is categorized in terms of labour practices, human rights, society, and product responsibility. A given category may have several aspects.

Indicator aspects

The general types of information that are related to a specific indicator category (e.g., energy use, child labor, customers).

Performance Indicator

Qualitative or quantitative information about results or outcomes associated with the organization that is comparable and demonstrates change over time.

Reporting Principle

Reporting principles are concepts that describe the outcomes a report should achieve and guide decisions made throughout the reporting process, such as which indicators to respond to, and how to respond to them.

Sector supplement

A Sector Supplement is a complement to the Guidelines with interpretations and guidance on how to apply the Guidelines in the context of a given sector, and include sector-specific performance indicators. Supplements (where available) are used in addition to, not in place of, the Guidelines.

Stakeholder

Stakeholders are defined broadly as those groups or individuals that: (a) can reasonably be expected to be significantly affected by the organization's activities, products and/or services; or (b) whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.

Standard disclosures

The Guidelines present issues for and information to report that are material to most organizations and of interest to most stakeholders are captured in two types of standard disclosures:
- Disclosures items that set the overall context for reporting and for understanding organizational performance such as its strategy, profile, governance, and management approach.
- Indicators that elicit comparable information on the economic, environmental, and social performance of the organization.

Sustainability report

Sustainability reporting is the practice of measuring, disclosing, and being accountable for organizational performance towards the goal of sustainable development. A sustainability report provides a balanced and reasonable representation of the sustainability performance of the reporting organization - including both positive and negative contributions.

Technical protocol

A technical protocol provides definitions, compilation guidance, and other information to assist report preparers and ensure

consistency in the interpretation of the performance indicators. There exists a technical protocol for each of the performance indicators contained in the Guidelines.

Unitary Board

Refers to a board structure that has only one governing body responsible for the organization.

For definitions of words or concepts contained directly in the wording of the indicators, see the Technical Protocols.