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One size doesn't fit all: GRI Sector Supplements to the rescue!

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The Global Reporting Initiative (GRI) builds upon the foundation of the Sustainability Reporting Guidelines with its series of complimentary Sector Supplements. These supplements are designed to increase the relevance of sustainability reporting by covering the unique aspects of each sector. By developing both the Guidelines and Sector Supplements, the overall GRI framework supports the comparison of reporting by organisations across and within sectors.

The rise of sustainability reporting

Many organisations are aware of the potential benefits of sustainability reporting and equally, of the pressures they face to do so. Along with meeting the information needs of investors and other stakeholders, reporting helps to improve internal management and organisational efficiency, and brings light to various economic, environmental, and social risks and opportunities.

Sustainability reporting – also commonly known as Triple Bottom Line reporting or Corporate Responsibility reporting – has been on the rise in the last few years. The Global Reporting Initiative (GRI) has witnessed nearly a doubling of the number of organisations that issued a report based on the Sustainability Reporting Guidelines over the last year alone – from 340 in October 2003 to 570 in October 2004 (see a breakdown by sector in Figure 2). This increase has made it even more evident that in order to achieve the best possible results for report preparers and information seekers, organisations need a reporting structure that is tailored to their specific needs and issues but that also covers all of the basic sustainability issues.

A flexible framework

To this end, the GRI has designed its reporting framework in a modular fashion. Forming the foundations of the framework are the Sustainability Reporting Guidelines. The reporting principles, indicators and other disclosures contained in the Guidelines cover the broad sustainability issues that are relevant to most organisations and that are of interest to most stakeholders. For example, some issues covered in the

Guidelines include:

- Economic impacts on customers, employees, suppliers, etc.;
- Environmental impacts relating to water, biodiversity, energy and compliance;
- Social impacts relating to labour practices, health and safety, human rights, society and product responsibility.

Using this basic structure for reporting ensures both greater comparability over time and consistency across sectors as well as fostering the emergence of a common understanding and lexicon, increasing the utility for reporting organisations and information seekers. But organisations and their stakeholders alike have sent GRI a consistent message: in order to meet relevance and materiality expectations, organisations must be able to report on issues unique to their industry sectors.

Thus, sector supplements were born.

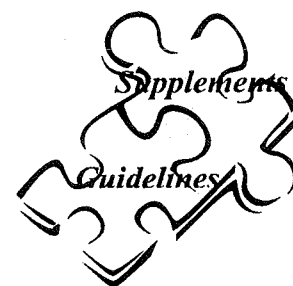


Figure 1. GRI Guidelines and supplements are designed for use together.

Sector supplements: In focus

Supplements are designed to be used in conjunction with the Guidelines and contain sector-specific guidance for reporting on existing GRI indicators, along with new indicators that fit the needs of specific industries and their stakeholders.

For example, in GRI's Telecommunications Sector Supplement, guidance was developed to help companies in this industry better respond to some of the indicators

TABLE 1: ILLUSTRATIVE EXAMPLE OF SECTOR SPECIFIC GUIDANCE ON INDICATORS ALREADY CONTAINED WITHIN THE GUIDELINES

| Indicator from GRI Guidelines | Telecommunications-specific guidance |
|--|--|
| PR3. Description of reporting organisation's policy, procedures/management systems, and compliance mechanisms for consumer privacy. Identify geographic areas covered by policy. | In a telecommunications context, this includes policies and programmes for data protection. Examples are the encryption and deletion of personal data, the production of telecommunications directories and the delivery of other data management products and services. |

TABLE 2: ILLUSTRATIVE EXAMPLE OF SECTOR SPECIFIC INDICATORS

Telecommunications indicators

- PA1. Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas.
- PA9. Total amount invested in programmes and activities in electromagnetic field research.

TABLE 3: THE DISTRIBUTION OF GRI REPORTERS BY INDUSTRY SECTOR

Sector Supplements in development, expected for release in 2005:

- Financial Services (environment only)
- Logistics and Transportation
- Mining and Metals
- Public Agencies

Sector Supplements available for use:

- Automotive
- Financial Services (social only)
- Telecommunications
- Tour Operators



Figure 3. The GRI multi-stakeholder process at work.

contained in GRI's Guidelines. See Table 1 for a sample illustration.

In addition to guidance on existing GRI indicators, the Telecommunications Sector Supplements also contains additional industry-specific indicators. See Table 2 for illustrative examples of sector specific indicators.

Dunstan Hope, now of Business for Social Responsibility (BSR), was a member of the GRI working group responsible for developing the Telecommunications Sector Supplement while in his former role with British Telecom (BT). He characterised the sector supplements as a welcome addition to GRI's framework and said, "I saw a need for both the process and the product. I had the opportunity to contribute to the development of new indicators that both the industry and its stakeholders saw a need to report on, and to establish sector-specific guidance for existing indicators."

The highest number of reporters are found in materials, consumer goods, utilities, transportation, information and communication technology (ICT) and

the financial sector, followed by non-profits, services and health care. GRI has four sector supplements ready for use, including in the automotive, telecommunications and financial services (social aspects only) sectors. Another four are currently in

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development, namely financial services (environmental aspects); mining and metals; and logistics and transportation, which target some of the key sectors where sustainability reporting has taken root. Interestingly, there has been a recent demand from public agencies for sector specific guidance on sustainability reporting. The development of a diverse collection of sector supplements, along with ongoing piloting, testing and refining of these, will continue to be an important part of GRI's overall reporting framework.

By stakeholders for stakeholders

The Sector Supplements are developed in the same way as all of GRI's reporting guidance: using a multi-stakeholder, consensus-based process. To capture this, GRI forms working groups that consist of practitioners from reporting entities along with experts from the information-seeking and advocacy communities associated with the particular sector. The goal is to have all stakeholders feel some level of ownership and comfort with the final result. An industry-only approach would miss the voices of its stakeholders, impeding the ability of companies to understand what disclosure expectations exist for them, as well as depreciating the credibility of any resulting framework. Similarly, a civil society-only approach may not capture the full understanding of business strategy or its challenges, and as a result some of the internal benefits of reporting for companies may not be reflected in the final product.

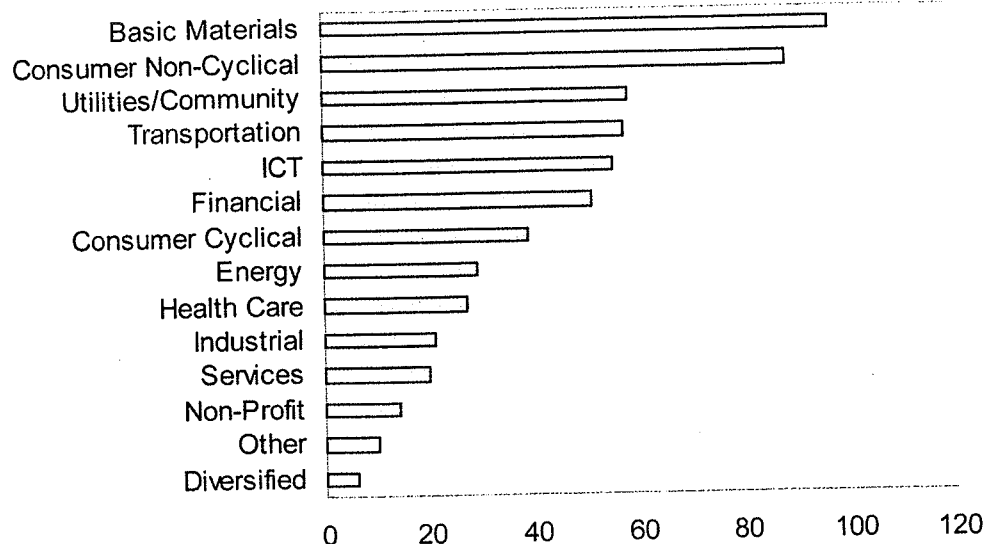


Figure 2. Breakdown on GRI reporters by sector (October 2004).

Accordingly, GRI's multi-stakeholder approach results in Sector Supplements that both industry and other groups find useful and balanced and that add value to sustainability reporting. The exchange of intellectual capital also increases each side's knowledge of what risks and opportunities exist by framing business activities in unfamiliar paradigms and thus providing more accurate future scenarios of the outcomes of specific strategies or practices.

A further benefit from following an inclusive development format is that the resulting report will be more likely to meet the needs and standards of investors, who are increasingly searching beyond a company's financial report to make their decisions.

Rob Lake of Henderson Asset Management says, "Coverage of all the issues and risks are generated out of the stakeholder process that GRI uses in the creation of all its products – as an investor I need that peace of mind."

This reflects the growing concern of investors and analysts that the true value of a company cannot be found solely within its financial report, and that long-term growth depends on many external effects such as those that are measured in sustainability reporting.

A significant demonstration of this belief preceded this year's annual Socially Responsible Investors "SRI in the Rockies" conference, when a coalition of analysts at 17 socially



Figure 4. Stakeholder feedback in a Sector Supplement workshop.

responsible investment firms representing over US\$147 billion in assets urged publicly traded companies around the world to meet a higher standard of reporting on corporate governance, environmental, labour and other key issues by using the GRI Guidelines. Noting the benefits of using a standardised approach, the analysts issued a statement that pointed out the benefits for companies of using one GRI report to respond to the information needs of diverse groups.

As this message spreads and takes root, GRI believes that even more organisations will recognise the potential of Sector Supplements in

creating more robust reports and will also be interested in contributing to their relevance through direct involvement in the development process. Thus, expanding the collection of Supplements available is a key priority for GRI, and the Secretariat is always actively seeking new partnerships and engagement with different industries. For everyone, this is an essential component to take sustainability reporting to the next level and to reap increased benefits as well.

ABOUT THE AUTHOR



With an extensive background in sustainability issues and international multi-stakeholder work, Alyson Slater joined the Global Reporting Initiative as Associate Director of Communications at the international secretariat in Amsterdam, the Netherlands, in 2003. Prior to relocating, Alyson spent several years with the GRI interim secretariat in Boston, USA where she was a member of the technical team responsible for the development of GRI's 2002 Sustainability Reporting Guidelines and managed GRI's HIV/AIDS reporting framework development process based in South Africa. Alyson holds degrees from McGill University and the University of British Columbia, both in Canada.

ABOUT THE ORGANISATION

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. These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997, GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Programme (UNEP).

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