



GRI SUSTAINABILITY REPORTING - A PARTNERSHIP ADDING VALUE FOR ALL STAKEHOLDERS

“Corporate competitiveness, governance and sustainability are among the leading challenges for CEOs today. Companies can advance on all three fronts by using the GRI, which also provides vital input from civil society partners”.

Sir Mark Moody-Stuart, GRI Board Member

INTRODUCTION

A Call for Transparency

The public and media increasingly expect business and other organisations not only to have clear economic, environmental and social policies, but to demonstrate that they are living up to their commitments - 'walking the talk'. By helping organisations define, measure and report sustainability indicators, the GRI is playing a crucial role in enabling them to exchange perspectives with key stakeholders and show how they are playing their part in contributing to a more sustainable world.

What is GRI?

GRI is the world's leading framework for preparing sustainability performance reports that cover an organisation's economic, environmental and social policies and activities - sometimes called 'triple bottom line' reporting. It develops indicators and reporting guidance in a unique multi-stakeholder process involving business, foundations, labour groups, NGO's and technical organisations. A new, independent and non-profit organisation, the GRI's Sustainability Reporting Guidelines have been officially recognised by the United Nations and the European Commission.

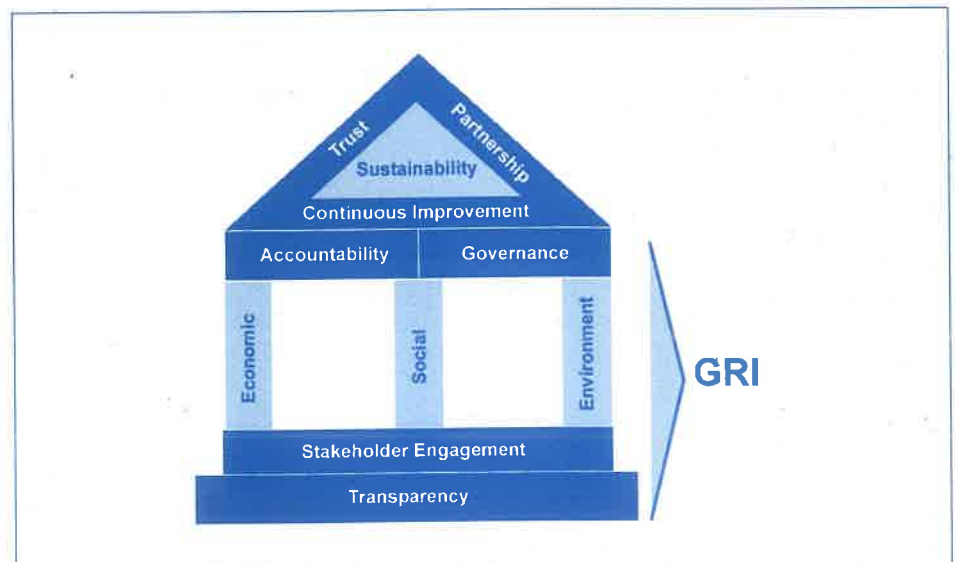
What is the GRI's Mission?

GRI's vision is a simple yet bold one. It seeks to provide a mechanism that makes reporting on the economic, social and environmental performance of an organisation as consistent, comparable and widely-used as financial reporting. Conceived in 1997, GRI's Sustainability Reporting Guidelines have now been employed by well over 250 major corporations and organisations around the world to measure and publicly report their activities and achievements.

HOW GRI HELPS ORGANISATIONS DO GOOD - FOR THEMSELVES AND THE PLANET

Managing Sustainable Development: The concept of "sustainability" applies as much to the decision-making environment as to the social and environmental context in which organisations operate. More than ever, decisions by business, government, financial institutions and others have a major impact on sustainable development. Governments have committed to help business play its part. At the 2002 UN World Summit on Sustainable Development (WSSD), governments recognised the importance of industry's contribution and pledged "to enhance corporate environmental and social responsibility and accountability".

Learning more about those impacts - positive or negative - is crucial for executive level management interested in knowing how their organisation is doing, and what may be the concerns of employees, regulators, investors, rating agencies and activist groups.



"GRI is the most comprehensive and credible set of sustainability disclosure standards ever produced".

Holliday, Schmidheiny and Watts, Walking the Talk: The Business Case for Sustainability, 2002.

A 2002 Survey by PricewaterhouseCoopers of 140 leading US based companies found that 89% believe that emphasis on sustainability issues will increase over the next five years.

Becoming More Attractive to Investors: Clear, up-to-date and accurate information is essential to the healthy functioning of capital markets. Recent history has underlined the limits of traditional financial reporting. Increasingly, investors and enlightened managers are seeking the kind of 'three dimensional' data that helps them make informed decisions about value, opportunity and risk. One leading US GRI reporter has attributed enhanced profits in 2001 to increased internal efficiencies identified in the reporting process.

By providing information that meets the needs of reporters and report users, application of the GRI Guidelines can lower risk and the cost of capital, while at the same time increase profitability, trust and attractiveness.

Reducing Report Proliferation: Business nowadays is confronted by a wide choice of codes of conduct, principles, management standards and initiatives. Tracking these, understanding the overlaps and complementarities, and responding to the constant stream of requests for information places new burdens on companies and other organisations.

By providing a unique reporting tool that helps benchmarking, measuring progress, reducing costs and responding to questions, GRI provides a high-value-added mechanism to respond to stakeholder interests. Because the costs of developing GRI indicators are shared, report makers and users alike enjoy low overall transaction costs.

Internationally Recognised: At the WSSD, governments recognised that sustainability was everyone's business: all sectors and stakeholders have a contribution to make. For their part, governments committed to "encourage industry to improve social and environmental performance through voluntary initiatives", specifically referencing the GRI's Sustainability Reporting Guidelines.

The UN Global Compact (which involves the UN Secretary General's Office, the UN High Commissioner for Human Rights, the International Labour Organisation, the UN Industrial Development Organisation and UN Environment Programme) has officially recognised the GRI as complementary. Both the G8 and OECD groups of nations have cited the GRI's potential to advance sustainable development.

A Unique Partnership of Stakeholders: Standards, codes and principles developed within a single sector or organisation face increasing credibility challenges. In contrast, the GRI Guidelines were developed in a process involving accountancy groups, business, labour unions and NGOs.

By using the GRI Guidelines, organisations are not only assured that the indicators used respond to stakeholder demands, but gain access to an unprecedented partnership forum to meet, debate and seek agreement with leading stakeholders on reporting issues.

HOW TO BENEFIT

The GRI's flexible approach to reporting makes it possible for all organisations to prepare a GRI-based report, whatever the current level of data management and reporting. An 'incremental' approach can be taken for first-time reporters. This makes it possible to report on a selection of the full range of indicators, and expand reporting subsequently as experience is gained. If you are not yet a GRI reporter, and would like to know how to join the growing number of bodies using the GRI Sustainability Reporting Guidelines, contact Sean Gilbert (guidelines@globalreporting.org).

60% of business leaders "strongly agree" that the benefits of being pro-active on sustainable development outweigh the costs.

GlobeScan Survey, August 2002.

"We view the GRI as setting the global benchmark for disclosure and encourage companies to produce reports which are in accordance with the GRI guidelines."

SRI Annual Report, Henderson Global Investors, May 2003.

HOW TO BE INVOLVED IN GRI

To ensure its credibility and independence, GRI has been established as a non-profit organisation. It receives support, both directly and in-kind, from a diverse range of sectors including foundations, business and government. As a public good, available for use by anyone, GRI encourages and receives support from all sectors. Your support is essential to ensure its continued work and improvement.

Initially established through the generosity of a small number of foundations and companies, GRI is in the process of diversifying its funding base. Stakeholders now have several ways of directly becoming involved in and supporting GRI activities.

These include by:

- becoming 'Organisational Stakeholders': in return for an annual subscription fee, Organisational Stakeholders receive regular updates on GRI activities, invitations to GRI events and an opportunity to vote on the composition of the Stakeholder Council, a body that elects part of the GRI Board;
- participating in specific GRI projects, such as the development of GRI Sector Supplements; and
- becoming a 'patron' or 'benefactor', titles bestowed on organisations making donations to support the GRI's important work.

GOVERNANCE

GRI is a not-for-profit foundation established under Dutch law. Its governance structure reflects GRI's commitment to its role as an independent, diverse and balanced global forum for advancing sustainability reporting. Key institutions in its governance structure include:

- a 15 member Board of Directors comprising eminent representatives from business, labour, civil society, international organisations, accounting, and academia;
- a 60 member Stakeholder Council with representation from major stakeholder groups and regions; and
- a small international secretariat led by a Chief Executive, working under the Board's supervision.

“Our wish is that in voluntary reporting of sustainability, GRI would reach a status comparable to IAS in financial reporting.”

Kesko CEO, Matti Honkala, February 2003

A World Economic Forum CEO Survey in 2002 showed that 40% of companies producing a CSR report use the GRI Guidelines, either formally, or as a general reference point. Those that don't are mainly using an 'own company' reporting system.

“By offering a new framework for corporate reporting, the GRI has a unique contribution to make in fostering transparency and accountability of corporate activities beyond financial matters.”

Kofi Annan, Secretary-General, United Nations

April 2002



Information about becoming involved in GRI activities can be found on the GRI website or by contacting.

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THE GRI - AN OVERVIEW

“GRI is the most comprehensive and credible set of sustainability disclosure standards ever produced.”

Charles O. Holliday, Jr., CEO, DuPont

Stephan Schmidheiny, Chairman, Anova Holding AG

Philip Watts, Chairman, Royal Dutch/Shell Group

Walking the Talk: The Business Case for Sustainable Development, 2002

GRI Basics

- ▶ **What?** *Sustainability reporting*
- ▶ **Who?** *Multiple stakeholders*
- ▶ **Why?** *Elevate quality and quantity of reporting*
- ▶ **Where?** *More than 75 countries*
- ▶ **When?** *Since 1997*
- ▶ **How?** *Balanced, global & inclusive engagement*

ACCOUNTABILITY'S NEW DIMENSION

Around the world, companies and other organisations are being held to account in new ways. In the post-Enron era, investors, fund managers, consumers, NGOs and other groups are seeking expanded coverage in corporate reports. GRI's mission is to develop and disseminate a generally accepted framework for reporting information now absent from conventional corporate financial reports.

Sustainability reporting—covering the “triple bottom line” of economic, environmental and social performance of an organisation—has evolved swiftly from an ambitious concept to a widely adopted practice. To date, more than 3,000 corporate environmental, social or sustainability reports have been published voluntarily.

Financial and sustainability reporting are complementary. Sustainability reporting provides information to help assess the quality and quantity of a firm's intangible assets, such as reputation, capacity to innovate, quality of management, human capital and environmental assets and liabilities. It provides information beyond financial results that investors, employees, customers and advocates need to make informed decisions.

A COMMON FRAMEWORK

As sustainability reporting gathers momentum, the need for a common reporting framework has become acute. With a common framework, such as the generally accepted accounting principles that guide financial reporting, organisations can focus on what they're reporting, not on which are the right indicators to address. Report users can focus on assessing and comparing information, not whether the report itself is based on a credible framework.

Since its founding in 1997 by the Coalition for Environmentally Responsible Economies in partnership with the United Nations Environment Programme (UNEP), GRI has worked with a worldwide network of stakeholders concerned with corporate accountability

and sustainability to develop such a common framework. The resulting *Sustainability Reporting Guidelines* are putting sustainability reporting on the path toward the consistency, rigour, comparability and credibility expected of financial reporting. First issued in draft form for pilot testing in 1999, revised versions of the *Guidelines* were released in 2000 and 2002 after intensive feedback. To date, over 200 companies in 26 countries have used the *Guidelines* in shaping their sustainability reports.

Sustainability reporting is part of a broad landscape of initiatives linked to higher standards of accountability. These include charters, principles, codes of conduct, management systems and performance standards. The GRI *Guidelines* complement these mechanisms by providing an integrated disclosure framework that enables organisations and their stakeholders to assess economic, environmental and social performance.

The *Guidelines* themselves are **not** a code of conduct or a performance standard. Instead, the *Guidelines*, along with associated technical protocols and industry sector supplements, are a reporting framework, an instrument for measuring and *reporting* an organisation's contributions over time to sustainable development.

The UN's 2002 *Report of the World Summit on Sustainable Development* formally recognises the *Guidelines* as a key initiative for encouraging industry to improve corporate accountability and responsibility. As well, UNEP has designated GRI as an official collaborating centre.

THE GRI APPROACH

From the start, GRI recognised that the key to delivering a successful reporting framework is a transparent, consultative, consensus-driven process involving worldwide participants with a stake in sustainability reporting. In developing the *Guidelines*, GRI has reached out to more than 10,000 participants from more than 75 nations in workshops and seminars. A network of more than

2,000 Individual Stakeholders receives frequent updates on GRI's work and provides feedback. The working groups charged with analysing input and drafting elements of the framework include experts from all key stakeholder groups.

The GRI consensus approach has given it credibility with reporters and report users and speeded its emergence as the world's only triple-bottom-line, multi-stakeholder sustainability framework. Many firms that have published sustainability reports use the GRI *Guidelines* because of its rigorous consultative process—and because they welcome the opportunity to be part of the ongoing process to develop, test and refine the *Guidelines*.

A COMMITMENT TO INDEPENDENCE

GRI's status as an independent organisation adds much to the value of the *Guidelines* for reporters and report users. Independence enables GRI to provide a neutral meeting ground diverse viewpoints on sustainability reporting. GRI serves as a guide and facilitator in the development of a reporting standard. To remain neutral, GRI does not verify reports. However, GRI does encourage independent external assurance of GRI-based reports.

GRI maintains its independence through balanced funding. GRI received charitable foundations grants to support its development phase from 1997-2001. Ongoing funding for the permanent institution established in 2002 is designed to ensure GRI's continued independence. Support will come from stakeholders contributions, and from corporations, governments, intergovernmental bodies, foundations, and assurance providers.

FLEXIBILITY AND ADAPTABILITY

The GRI *Guidelines* are for use by all organisations: corporate, governmental, civil society. During the early years, however, business is the primary focus.

A common framework needs to be firmly rooted in strong principles but flexible enough in use to meet the needs of the

world's highly diverse organisations—large and small companies in every industrial and service sector, educational institutions, government entities, non-profit organisations, and others.

To meet the needs of specific kinds of companies, GRI is partnering with sector-based initiatives to develop sector-specific supplements. The core *Guidelines* have already been through two pilot tests involving a total of 45 companies. Sector supplements, to be used in conjunction with the core guidelines, will follow a similar pattern of development and testing.

Through an extensive feedback from companies using the *Guidelines*, GRI has revised the Guidelines to make them more flexible for first-time reporters and small medium size enterprises (SMEs). First-time reporters may take an "incremental" approach to reporting, such as an "environment only" report or a "headquarters country" report, while indicating what information is missing and if future reports will expand to include more elements found in the *Guidelines*. And indicators have been broadened to include forward-looking measures in areas such as quality of strategy and management.

In the 2002 *Guidelines*, GRI introduced the concept of "in accordance" reporting to enable reporters and report users to distinguish between informal use of the guidelines versus more systematic reporting—greater coverage, transparency and structure.

GETTING INVOLVED

The GRI process is open to all individuals and organisations through multiple mechanisms: Individual Stakeholder and Organisational Stakeholder registration, Stakeholder Council membership, working groups, a Technical Advisory Council, and attendance at symposia and meetings. Engagement provides the vitality and innovation that has characterised GRI since its inception.

A Multi-Stakeholder Initiative

- ▶ Companies
- ▶ Environmental, social and consumer advocates
- ▶ Investors
- ▶ Labour
- ▶ Accountancy organisations
- ▶ Governments
- ▶ Multi-lateral organisations
- ▶ Research institutes

GRI BOARD OF DIRECTORS

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** Board Chair*



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I N T R O D U C I N G

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S U S T A I N A B I L I T Y
R E P O R T I N G
G U I D E L I N E S**

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GRI is a Collaborating Centre of the United Nations Environment Programme





A COMMON FRAMEWORK

Accountability, governance and sustainability—three powerful ideas that are playing a pivotal role in shaping how business and other organisations operate in the 21st century. Together, they reflect the emergence of a new level of societal expectations that view business as a prime mover in determining economic, environmental and social well-being. These three ideas also point to the reality that business responsibility extends well beyond the shareholders to people and places both near and distant from a company's physical facilities. Defining, measuring and rigorously reporting on these economic, environmental and social issues lie at the core of the mission of the Global Reporting Initiative (GRI).

GRI is a new independent, international institution¹ whose mission is to develop, promote, and disseminate globally applicable *Sustainability Reporting Guidelines* ("Guidelines"). Sustainability reporting is an organisation's² public account of its economic, environmental and social performance in relation to its operations, products and services. The GRI was established to create a common framework for sustainability reporting worldwide. It seeks to elevate sustainability reporting to the same level of rigour, comparability, credibility and verifiability expected of financial reporting, while serving the information needs of a broad array of stakeholders from civil society, government, labour and the private business community itself. GRI is built on the pillars of inclusiveness, transparency and technical excellence.

The *Guidelines* complement and strengthen traditional financial reporting by providing critical non-financial information that helps users assess the current and future performance of the reporting organisation. Whereas financial reporting primarily targets one key stakeholder—the shareholder—sustainability reports have a wider audience, reflecting the diverse groups and individuals with a stake in high quality information. Financial analysts, employees, customers, advocacy groups, trade unions, communities and others are all part of GRI's audience.

The 20th century saw worldwide progress in harmonising financial reporting. The 21st century will require even more rapid progress in the development of globally accepted sustainability reporting methods. By drawing thousands of partners and hundreds of organisations into a multi-stakeholder process, GRI continues to work toward harmonisation of disclosure, thereby maximising the value of reporting for both reporting organisations and users alike.

1. GRI is affiliated with the United Nations through its status as a Collaborating Centre of the United Nations Environment Programme.

2. This includes corporate, governmental and non-governmental organisations. In its initial phase, GRI has emphasised use of the *Guidelines* by corporations. Use by governmental and non-governmental organisations is encouraged. Adaptations of the *Guidelines* for these sectors will appear in the near future.

WHY REPORT?

During the past decade, organisations worldwide have produced approximately 3,000 sustainability, environmental, social and citizenship reports, virtually all on a voluntary basis. What motivates these organisations? The answers are as diverse as the reporters themselves. For some, it is a response to pressure from advocates and communities related to specific events or business practices. For others, sustainability reports are an effort to strengthen reputation and market competitiveness, as well as maintain a “licence to operate” in vulnerable areas. And still others seek to demonstrate a serious commitment to a code of conduct to which they subscribe.

Whatever the initial motive, numerous benefits typically emerge. Those frequently cited include enhanced management, governance, communications and stakeholder relations. Specifically, sustainability reporting helps to:

- ▶ Maintain and strengthen trust with community and advocacy groups, investors, consumers and other stakeholders.
- ▶ Link disparate functions such as finance, marketing, R&D and operations into a more integrated strategic vision and operation, opening new conversations that pave the way for discovery and innovation.
- ▶ Identify trouble spots and unanticipated opportunities, in supply chains, among customers, communities or regulators, or in the areas of reputation and brand management.
- ▶ Assess and measure the value of sustainability practices in the organisation in relation to the organisation’s overall business strategy and competitiveness.
- ▶ Reduce share price volatility and uncertainty occasioned by surprise, untimely or incomplete disclosure.

HARMONISATION WITH OTHER INITIATIVES

Sustainability reporting is part of a broad landscape of initiatives directly or indirectly linked to higher standards of accountability. These include charters, principles, codes of conduct, management systems, and performance standards. GRI is unique as the only comprehensive sustainability **reporting** framework based on a global, multi-stakeholder process. The *Guidelines* complement other initiatives by providing an integrated disclosure framework that enables organisations and their stakeholders

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to assess performance along economic, environmental and social lines. At the same time, the *Guidelines* themselves are not a code of conduct nor a performance standard. **Instead the Guidelines are a reporting standard, an instrument for measuring and reporting an organisation’s contributions over time in a comparable, comprehensive fashion.**

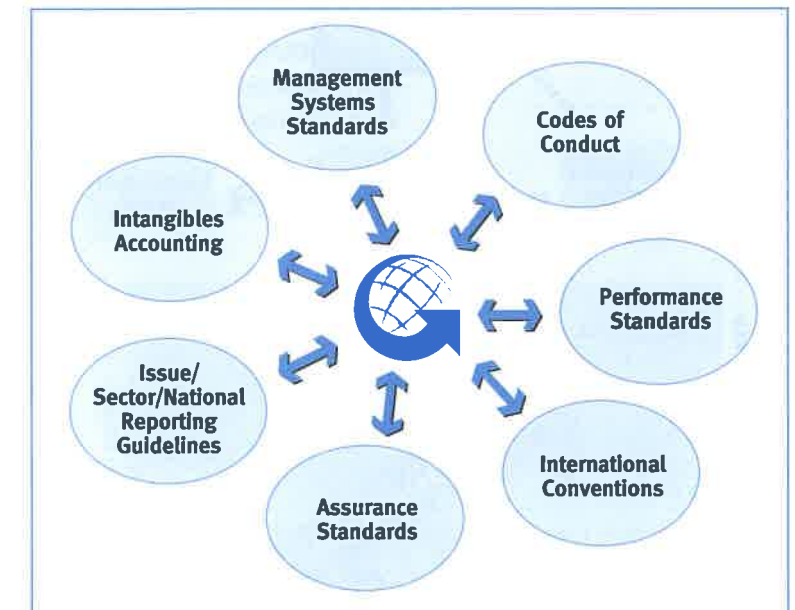
While unique in its coverage and process as a reporting standard, strong links exist between GRI and initiatives such as the United Nations *Global Compact*, the OECD *Guidelines for Multinational Enterprises*, ISO 14001 and many others. GRI establishes various mechanisms for collaborating with such initiatives to achieve maximum alignment and mutual benefits. Components of many initiatives appear in the *Guidelines* themselves, at the same time the *Guidelines* provide an instrument for tracking progress in a rigorous and transparent fashion.

Assurance standards can help strengthen GRI-based reporting by providing added credibility to those organisations that choose to pursue external, independent verification of their reports. Such assurance, which GRI encourages, is one among numerous approaches to achieving credibility in the eyes of report users.

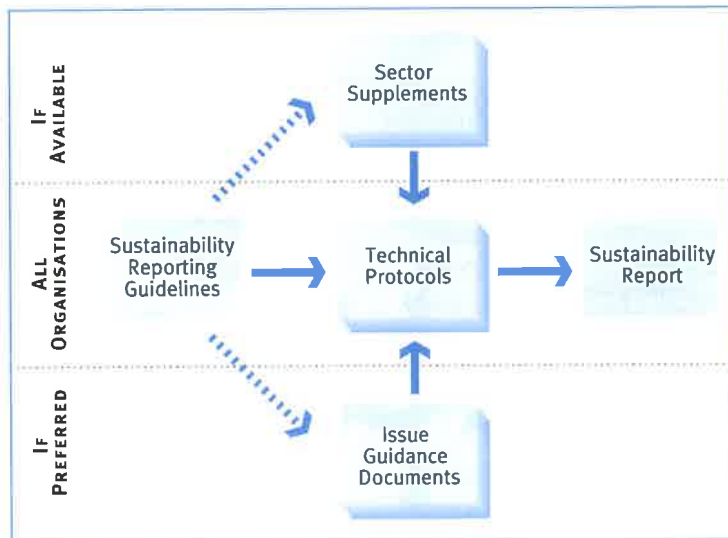
THE GRI FAMILY OF DOCUMENTS

The GRI family of documents includes the *Guidelines* themselves as well as sector supplements, technical protocols and issue guidance documents.

Sector supplements recognise the limits of a one-size-fits-all approach by providing guidance that captures sustainability issues faced by specific industry sectors. Sector supplements (e.g., for financial services, telecommunications, auto manufacturing and tour operators) are used in conjunction with GRI’s core *Guidelines*.



GRI seeks to harmonise with existing initiatives.

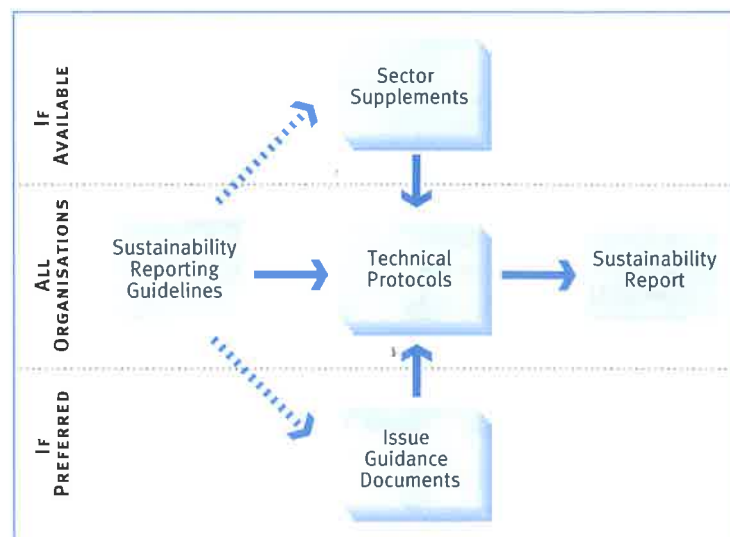


GRI family of documents

Technical protocols provide detailed measurement methods and procedures for reporting on indicators contained in the core *Guidelines* and sector supplements. For example, there is a protocol for the energy indicators providing definitions (e.g., direct vs. indirect energy) and measurement methodologies (e.g., conversions, units). Technical protocols are comparable to the “Generally Accepted Accounting Principles” that guide financial reporting.

Issue guidance documents on topics such as “diversity” and “productivity” will provide organisations with innovative, thematic models for organising and reporting the information in the *Guidelines* and sector supplements.

As these documents emerge in the coming years, they will provide an integrated package that will help move report quality to the level of comparability and rigour sought by reporters and report users.



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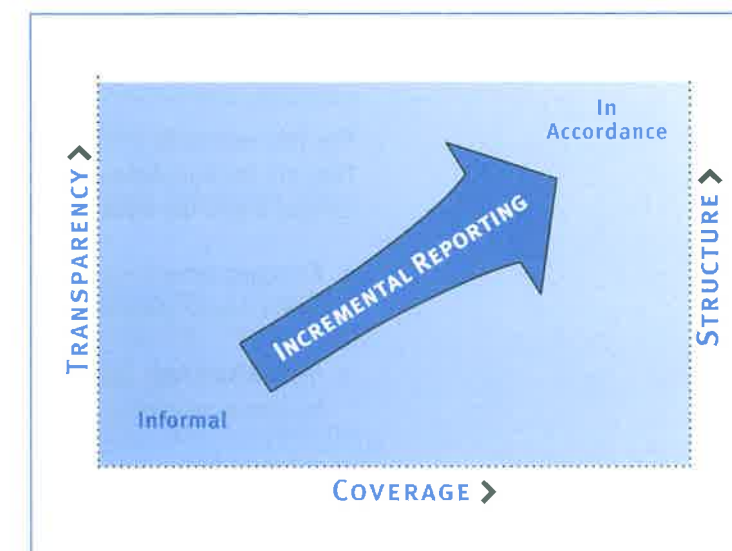
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USING THE GRI GUIDELINES

The GRI *Guidelines* identify the information for inclusion in a GRI-based report. Providing such information may occur in the format and order that appears in the *Guidelines*, or alternatively, in a format designed by the reporting organisation.

The *Guidelines* are designed to be flexible, with a range of options suitable for reporting organisations at any level of experience and sophistication. The GRI recognises the need for many organisations to build their reporting capacity in an incremental fashion, moving gradually toward greater coverage, transparency and structure in terms of continuity and consistency from year to year. Organisations that choose this incremental approach may informally use the *Guidelines*, and select certain principles, elements and indicators to begin their reporting programmes. Getting started is the critical first step.



Options for reporting.

Other organisations, aspiring to leadership roles in the sustainability arena, may wish to identify their reports as prepared “in accordance” with the 2002 GRI *Guidelines*. To use this term, reporters must meet certain minimum requirements specified in the *Guidelines*.

“In Accordance” Requirements*

1. Report on the organisational profile, governance and management systems.
2. Include a GRI Content Index, linking GRI components to information actually contained in the report.
3. Respond to each core indicator by either (a) reporting on it, or (b) explaining its omission.
4. Ensure that the report is consistent with GRI’s reporting principles.
5. Include a statement signed by the board or CEO indicating that the report was prepared in accordance with the 2002 GRI *Guidelines* and represents a balanced and reasonable presentation of the organisation’s sustainability performance.

* See Part A of the *Guidelines* for details.

REPORTING PRINCIPLES

Following an introduction, the *Guidelines* present a series of reporting principles. These principles help ensure that GRI-based reports:

- ▶ provide a balanced and reasonable representation of an organisation's sustainability performance
- ▶ facilitate comparability
- ▶ address issues of concern to stakeholders

The GRI reporting principles are the underpinnings of report content. They are the foundation of credible reporting, equal in importance to the content itself. The reporting principles are:

- ▶ **Transparency:** Full disclosure of the processes, procedures and assumptions in report preparation are essential to its credibility.
- ▶ **Inclusiveness:** The reporting organisation should engage its stakeholders in preparing and enhancing the quality of reports.
- ▶ **Auditability:** Reported information should be recorded, compiled, analysed and disclosed in a way that enables internal auditors or external assurance providers to attest to its reliability.
- ▶ **Completeness:** All material information should appear in the report.
- ▶ **Relevance:** Reporting organisations should use the degree of importance that report users assign to particular information in determining report content.
- ▶ **Sustainability Context:** Reporting organisations should seek to place their performance in the broader context of ecological, social or other issues where such context adds significant meaning to the reported information.
- ▶ **Accuracy:** Reports should achieve a degree of exactness and low margin of error to enable users to make decisions with a high degree of confidence.
- ▶ **Neutrality:** Reports should avoid bias in selection and presentation of information and provide a balanced account of performance.
- ▶ **Comparability:** Reports should be framed so as to facilitate comparison to earlier reports as well as to reports of comparable organisations.
- ▶ **Clarity:** Information should be presented in a manner that is understandable by a maximum number of users while still maintaining a suitable level of detail.

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- ▶ **Timeliness:** Reports should provide information on a regular schedule that meets user needs and comports with the nature of the information itself.

REPORT CONTENT

Part C of the *Guidelines* recommends that five sections appear in a sustainability report:

- 1. Vision and Strategy:** A statement from the CEO and discussion of the reporting organisation's sustainability strategy.
- 2. Profile:** An overview of the reporter's organisation, operations, stakeholders and the scope of the report.
- 3. Governance Structure and Management Systems:** A description of the reporter's organisational structure, policies, management systems and stakeholder engagement efforts.
- 4. GRI Content Index:** A cross-referenced table that identifies the location of specified information to allow users to clearly understand the degree to which the reporting organisation has covered the content in the GRI *Guidelines*.
- 5. Performance Indicators:** Measures of performance of the reporting organisation divided into economic, environmental and social performance indicators.

Organisations may adopt this format or modify it to enhance usefulness of the report to its stakeholders.

PERFORMANCE INDICATORS

Performance indicators, both qualitative and quantitative, are the core of a sustainability report. The performance indicators are grouped under three sections covering the economic, environmental and social dimensions of sustainability. In each area, GRI identifies **core indicators** (required for reporting in accordance with the *Guidelines*) and **additional indicators** (used at the discretion of the reporter to enrich a report).

Economic indicators concern an organisation's impacts, both direct and indirect, on the economic resources of its stakeholders and on economic systems at the local, national and global levels. Included within economic indicators are the reporting organisation's wages, pensions and other benefits paid to employees; monies received from customers and paid to suppliers; and taxes paid and subsidies received. In a few instances, economic performance information overlaps with that in conventional financial statements. In general, however, the two are complementary.

Environmental indicators concern an organisation's impacts on living and non-living natural systems, including eco-systems, land, air and water. Included within environmental indicators are the environmental impacts of products and services; energy, material and water use; greenhouse gas and other emissions; effluents and waste generation; impacts on biodiversity; use of hazardous materials; recycling, pollution, waste reduction and other environmental programmes; environmental expenditures; and fines and penalties for non-compliance.

Social indicators concern an organisation's impacts on the social systems within which it operates. GRI social indicators are grouped into three clusters: labour practices (e.g., diversity, employee health and safety), human rights (e.g., child labour, compliance issues), and broader social issues affecting consumers, communities and other stakeholders (e.g., bribery and corruption, community relations). Because many social issues are not easily quantifiable, GRI requests qualitative information where appropriate.

ASSURANCE

Just as investors look to independent audits to certify the accuracy and completeness of financial reporting, stakeholders increasingly seek such assurance for sustainability reports. GRI encourages the independent assurance of sustainability reports, while recognising that no generally accepted assurance framework, protocols or practices currently exist.

Annex 4 in the *Guidelines* provides an overview of assurance processes as guidance for organisations considering the use of independent assurance to enhance the credibility of their sustainability reports. GRI continues to explore its role in creating a credible assurance infrastructure for the future.

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LOOKING AHEAD

The development of a generally accepted sustainability reporting framework represents a major step forward in enhancing accountability, sustainability and governance of organisations worldwide. Disclosure is integral to achieving all three goals. GRI is working to ensure that standards of disclosure are commensurate with the formidable challenges associated with economic, environmental and social progress in the 21st century.

In 2002, the GRI released the *2002 Sustainability Reporting Guidelines*, appointed its first Board of Directors, established its unique governance structure, and sited its permanent Secretariat headquarters in Amsterdam. Looking ahead, the GRI will continue to expand, test and revise its reporting framework through a global, multi-stakeholder process.

GRI's vitality and leadership depends on the engagement and expansion of its global network of supporters. It requires both a concrete product incorporating the world's best thinking and a legitimate, dynamic process through which continuous learning can occur. GRI invites all parties to join this "work in progress"—through *Guidelines* testing, working groups, dialogues, feedback sessions, and through participation in GRI's governance — to ensure that both its process and products achieve the level of excellence and legitimacy to which it is firmly committed.

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and the full *Sustainability
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