

Dear Colleague,

I am writing to invite your personal attention to the release of the Global Reporting Initiative's Business Plan for the period 2003-2005.

The Business Plan has been developed in response to interest from many stakeholders around the world in GRI's current activities and plans for the future. In it, you will find a comprehensive overview of GRI's key role in the emerging international sustainability management landscape, as well as details on how GRI plans to achieve its mission of becoming the generally-accepted global framework for sustainability reporting.

Let me highlight three specific features of the Plan that I believe you will find of particular interest.

Sustainability Reporting: There are now over 300 companies that use the GRI *Guidelines* in preparing their reports, approximately twice as many as the previous year. We now aim to reach a figure of over 600 reporters - corporate and other - by the end of 2005. Attainment of this goal will further consolidate GRI's role and expand the market in related sustainability services, with associated economic efficiencies. *If your organisation is not already using the Sustainability Reporting Guidelines I encourage you to join the growing list of organisations that assess and report their economic, social and environmental performance with this framework.*

Project-Driven: While continuing to refine and develop its existing products, such as the 2002 *Sustainability Reporting Guidelines*, GRI is now looking for ideas and collaborators for new GRI products and services according to market demand. These may be new GRI Sector Supplements or Resource Documents (for example, a tool to assist SMEs with reporting). *If your organisation would like GRI to expand its work into areas such as sector specific reporting guidelines, or sees a need for any new work to facilitate uptake of sustainability reporting, proposals and associated development funding are welcome.*

Stakeholder-Supported: GRI derives its legitimacy from balanced, global, multi-stakeholder participation at all levels: governance, working groups and secretariat. To further develop this participation and support, GRI offers all organisations the opportunity to become Organisational Stakeholders (OS). By becoming an OS for a small annual fee, organisations publicly demonstrate their support for sustainability reporting and are eligible to vote on the composition of GRI's Stakeholder Council, among other benefits. These contributions are a concrete and essential way to maintain the GRI's capacity to fulfill its mission. *If your organisation is not already an OS, I urge you to complete and return the enclosed registration form today.*

GRI has achieved remarkable progress over the last few years. However, we have only just begun our long journey to make sustainability reporting as routine and valuable as financial reporting. There is still much to learn, adapt and improve. We look forward to receiving your feedback and support to ensure the continued growth and success of GRI, for our common good.

Yours sincerely,



Ernst Ligteringen
Chief Executive

BUSINESS PLAN 2003-2005

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GRI is a Collaborating Centre of the United Nations Environment Programme (UNEP)



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EXECUTIVE SUMMARY

Sustainable development is one of the historic imperatives facing humanity in the 21st century. As the leading international sustainability reporting framework, the Global Reporting Initiative (GRI) is playing a vital role in helping organisations around the world define, measure and report their contribution to the social and environmental conditions and economic realities of their communities.

GRI does this through a process that facilitates involvement from a wide range of audiences that are affected by an organisation. GRI collaborates with these 'stakeholders' from business, labour and civil society, soliciting their creative input. The result is a working example of an open 'public policy network'. This 'process' aspect of GRI's work is as important as its *Sustainability Reporting Guidelines* and other products.

This Business plan summarises how GRI aims to build on its unique governance, products and processes over the next three years. GRI's mission is to make reporting on economic, environmental and social performance as routine as financial reporting.

GRI has a very strong market position at a time of growing demand for rigorous sustainability reporting. Its goal in the period 2003-2005 is to consolidate this position and to respond effectively to the growing demand for new GRI products and services.

In a phased-strategy over the three-year period, GRI will:

- *expand marketing of existing products*, including the 2002 *Sustainability Reporting Guidelines*, resulting in increased uptake by all organisations;
- *develop new products*, such as additional sector supplements, in response to demand; and
- *diversify income streams*, especially through the extension of its 'Organisational Stakeholder' subscriber base and the development, on a project basis, of new products.

Project funding is an important new dimension to GRI's development. Building on its record of converting financial support into widely used products, GRI will actively seek partners, including governments and multilateral organisations, interested in developing and funding new GRI products and services on a 'user-pays' basis.

Such new projects will only be adopted where they help advance development of GRI's mission. GRI has structured the budget into 'core' and 'project' components. The 'core' covers the maintenance and development of its existing products, including GRI's governance, knowledge and asset management, and marketing and coordination activities. New projects will be funded separately, so that GRI can expand flexibly based on resources and demand.

GRI invites expressions of interest from stakeholders and other supporters with project ideas that will assist in expanded use of the *Guidelines* and other existing products, or in the development of new GRI products. Enquiries should be directed to Chief Executive, Global Reporting Initiative, P.O. Box 10039, 1001 EA Amsterdam, The Netherlands, or projects@globalreporting.org.



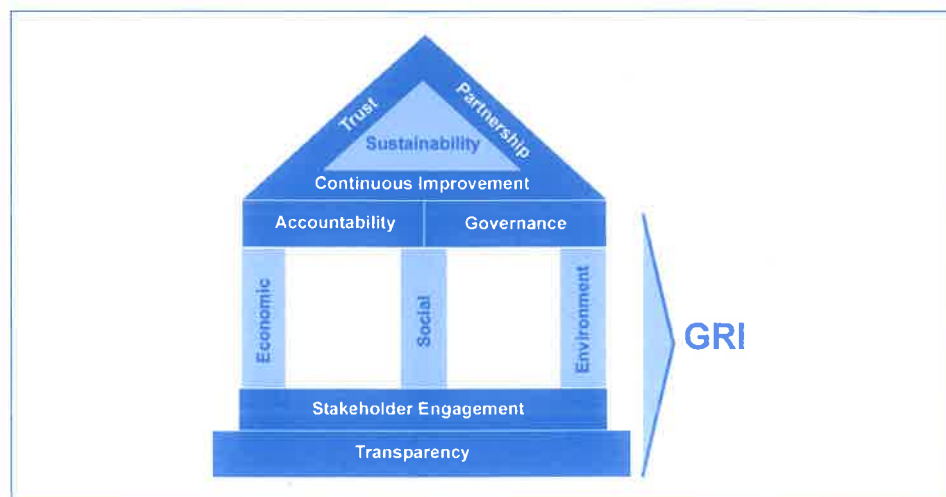
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1. VISION AND MISSION

- 1.1 Sustainable development is both urgent and everyone's business. GRI's vision is to create the conditions whereby business, government and interest groups work together to achieve sustainable development based on accurate, relevant and shared information about how their activities contribute to this goal.
- 1.2 GRI's mission is to realise this vision by making reporting on economic, social and environmental performance as routine and comparable as financial reporting. GRI seeks to do this by developing, disseminating and continuously improving generally accepted sustainability or non-financial reporting indicators through an international multi-stakeholder approach. This business plan outlines its goals and strategy for working towards that mission during the period 2003-2005.
- 1.3 GRI's mission is about process as well as products. The products are the family of documents, which have made GRI the world's leading framework for preparing sustainability performance reports. The process is the unique multi-stakeholder governance and product development system that brings together business, foundations, labour groups, civil society organisations (CSOs), and technical organisations.
- 1.4 Sustainable development requires that all organisations continually improve their performance, often working in partnerships. Accountability and good governance are essential foundations for mutual trust, which is necessary for partnerships to work effectively. Transparency underpins these foundations (see Figure 1). GRI's mission is to play a key role in facilitating transparency by:
 - producing a cost-effective, internationally-recognised reporting framework which promotes transparency;
 - providing a forum for multi-stakeholder engagement and consensus-building on sustainability reporting in a process that encourages learning and innovation; and
 - promoting dialogue and partnership around the subject of sustainable development.

Figure 1: The Foundations of Sustainability



2. STRATEGIC CONTEXT

- 2.1 GRI was conceived in 1997 by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Programme (UNEP) at a time when the demand for sustainability reporting was taking off. That demand has dramatically increased, driven by several trends:
- 2.1.a **Globalisation** has focused attention on the role of corporations. The business world has realised that it must be able to demonstrate the corporate contribution to economic, social and environmental progress, in the face of allegations about companies' negative impact on sustainability and amidst calls for an international treaty on corporate accountability.
 - 2.1.b **Market crises** have damaged confidence and trust in the corporate and financial world. The technology or 'dotcom' collapse in 2000-2001, and celebrated corporate accounting scandals such as at Enron and WorldCom, demonstrated weaknesses in conventional measurement of corporate performance and the need to take account of corporate governance and non-financial performance.
 - 2.1.c **Socially-Responsible Investment (SRI)** exploded during the 1990s, so that many investment firms and agencies, SRI and mainstream, began offering screening, benchmarking and investment services based on social, ethical and environmental criteria. SRI has also produced a marked rise in shareholder activism, often engaging corporate responsibility issues.
 - 2.1.d **Sustainable Development** has become more pressing as the realisation has spread that current patterns of human behaviour are unsustainable. This was demonstrated at the 2002 UN World Summit on Sustainable Development (WSSD) in Johannesburg, when leaders from around the globe reaffirmed their commitment to sustainable development to address the pressing problems of poverty and environmental degradation.
 - 2.2 **These trends** have generated a growing demand for information about organisations' sustainability performance. Demands have been difficult to meet effectively because of a lack of accepted definitions and indicators. Data exists in some areas, but significant gaps remain on issues such as the detailed meaning of 'sustainable development', as well as the measurement of specific externalities and impacts.
 - 2.3 **Responses** to these trends have further increased the demand for accepted measurement tools.
 - 2.3.a **Businesses** have voluntarily adopted non-financial reporting in growing numbers. An estimated 3,000 reports have been published since 1995 on either the social or environmental performance of reporting companies. Research shows that nearly half of the largest 250 global companies produced Corporate Social Responsibility (CSR) reports in one form or another in 2002.
 - 2.3.b **Investors** have begun to take a closer interest in economic, social and environmental performance to enhance risk assessment capacity. Reporting is also seen as a proxy for the quality of corporate management and can be helpful in valuing intangible assets (which account for a growing proportion of stock market capitali-

sations). This interest has led at least one stock market to require disclosure on social and environmental performance from listed companies.¹

2.3.c **Civil Society Organisations (CSOs)** are working more directly with companies. In addition to traditional campaigning, CSOs file shareholder resolutions, and also engage directly with companies on specific issues. These groups sometimes work together – with greater openness a key requirement. In turn, CSOs are under pressure to be more transparent and accountable.

2.3.d **Governments** around the world have promoted sustainability reporting. At the WSSD, there were frequent mentions of how voluntary reporting could promote enhanced social and environmental responsibility and accountability. This support has been echoed at various subsequent high-level meetings.

2.4 An Emerging Sustainability Framework

2.4.1 A framework for moving towards sustainable development is emerging from these diverse developments, with credible measurement and reporting as a critical ingredient.

2.4.a **Political Commitment:** the world's governments have repeatedly committed to achieving sustainable development and many governmental and intergovernmental bodies are working on aspects of this challenge.

2.4.b **Codes and Principles:** several global instruments have emerged to guide sustainability action, such as the UN Global Compact, embracing nine internationally-recognised human rights, social and environmental principles, and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNEs) and OECD Principles for Corporate Governance which set out a framework for business behaviour.

2.4.c **Performance and Management Standards:** initiatives such as the Social Accountability performance standard SA 8000 and ISO's 14000 series are examples of standards that enable organisations to translate broad sustainability goals into practice.

2.4.d **Performance Reporting:** measurement and reporting on an organisation performance against globally-defined policies and practices is a critical element of accountability in all organisations working towards achieving sustainable development.

2.4.e **Assurance:** just as with financial reporting, third party verification and assurance is important to ensure that reports conform to the standards an organisation seeks to meet and to strengthen the report's external credibility. For example, the AccountAbility organisation has developed the AA1000s assurance standard to meet this need.

¹ JSE Securities Exchange (Johannesburg): see the King II Report, 2002.

3. GRI's ROLE

- 3.1 Reporting principles and indicators are a central ingredient in the developing sustainability policy environment. They help organisations to report on policies and practices consistently and credibly, and help users of reports to analyse performance against policies, progress from one year to the next, and to compare one company against another. GRI is unique in fulfilling this role and demonstrating its central position in the emerging landscape of initiatives in sustainable development (see Table 1). These various initiatives are complementary rather than competitive, and GRI has close contact with them, including a strategic collaboration with the United Nations (UN) Global Compact.

Table 1: Promoting Sustainability – Emerging Collaboration

Tool & Function	Initiative (*)
Codes and Principles: guidance on values and behaviour	UN Global Compact, OECD MNE Guidelines
Performance Standards: guidance on specific targets and objectives	SA 8000, ILO
Management Systems: guidance on designing procedures for managing internal operations	ISO 14000
Performance Reporting: guidance on what and how to disclose	GRI
Assurance: guidance on procedures for verifying reports	AA1000
Benchmarking: provision of comparisons of performance	SAM, Innovest, FTSE4good

(*examples) See list of acronyms, page 22.

- 3.2 GRI has developed a portfolio of documents which support sustainability reporting.²

3.2.a The '*Sustainability Reporting Guidelines*' are the core of the framework, the third edition of which was released in 2002. It provides a set of widely accepted indicators for economic, environmental and social performance. Hundreds of companies are now using the *Guidelines* to prepare sustainability reports. (The growing list of organisations known to be using the *Guidelines* is kept up to date and reported on GRI's website, analysed by sector and by country.) The *Guidelines* are a result of continuous product development – a revised version is scheduled for release in 2005 – as GRI ensures they develop along with users' needs.

3.2.b GRI has developed a number of sector supplements, designed to complement the *Guidelines* by providing performance indicators tailored for specific sectors. GRI plans to expand supplements in line with user demand and available resources.

3.2.c Other parts of the GRI portfolio include technical protocols (to assist in measuring the indicators in the *Guidelines*), and resource documents (to provide additional guidance on specific topics, such as HIV/AIDS).

- 3.3 Table 2 below summarises the GRI portfolio of documents and describes their roles and relationships. This portfolio represents the most developed, widely-applicable approach to reporting on sustainability.

² The core body of GRI documents is known as the 'GRI Framework'. This consists of the *Guidelines*, the sector supplements and protocols. Together with other documents, such as resource documents, these are the 'portfolio' of GRI products.

Table 2: The GRI Portfolio of Documents

Document Category	Purpose	Key Distinguishing Features	Users
Reporting Guidelines <ul style="list-style-type: none"> • <i>Sustainability Reporting Guidelines (2002)</i> 	<ul style="list-style-type: none"> • Present reporting principles and outline indicators to guide the preparation of sustainability reports. • The foundation on which all other GRI reporting documents are based. 	<ul style="list-style-type: none"> • General application. • Incremental reporting possible through 'in accordance' application of the <i>Guidelines</i>. • The basis for all reporting using the GRI framework. 	Applicable to organisations of all sizes and types, operating in any location.
Sector Supplements <ul style="list-style-type: none"> • Examples include tour operators, financial services, automotive, telecommunications, mining 	<ul style="list-style-type: none"> • Address sector-specific issues that are not dealt with in the <i>Guidelines</i>. • Enable more robust and comparable reporting within a sector. 	<ul style="list-style-type: none"> • Capture unique sustainability issues faced by different industry sectors. • Designed to complement the <i>Guidelines</i>. 	GRI reporters in the relevant sectors.
Technical Protocols <ul style="list-style-type: none"> • Examples include energy, water, child labour 	<ul style="list-style-type: none"> • Support measurement of indicators and ensure consistency in interpretation. • Provide guidance on overarching, technical challenges in reporting such as setting boundaries. 	<ul style="list-style-type: none"> • Each protocol addresses a specific set of indicators by providing detailed definitions, procedures, formulae and references. • Eventually most indicators will be supported by a corresponding technical protocol. 	All GRI reporters who report on the indicators specified by the technical protocols.
Resource Documents <ul style="list-style-type: none"> • Examples include HIV/AIDS 	<ul style="list-style-type: none"> • Provide additional information or examples for reporting on specific topics of frequent interest to GRI users. 	<ul style="list-style-type: none"> • A source of additional ideas, expertise, and knowledge. • Cover both detailed content issues (e.g. HIV/AIDS) and cross-cutting issues (e.g. limits-based reporting). 	GRI reporters who want to expand coverage of an issue and/or want to include support for specific user-groups.

3.4 Market Analysis

3.4.a **Strengths:** Since its launch GRI has demonstrated much strength confirmed by the increasing use of its products and its ability to attract substantial funding from an increasingly diverse group of supporters:

- **Market Leader:** GRI provides the only global sustainability reporting framework, and has won plaudits from all stakeholder communities. GRI *Guidelines* were specifically highlighted in the 2002 WSSD 'Plan of Implementation'. Research for the 2003 World Economic Forum found that 40% of CSR reporters use GRI reporting *Guidelines*. (Others use their own approach, rather than the emerging generally accepted framework.)
- **Market Acceptance:** GRI reporters include nearly half of the Fortune 250 companies. (See current company listings on the GRI website.) Companies using the GRI *Guidelines* are frequently winners of sustainability reporting awards and first-time reporters score high marks from ratings bodies.³ (See Annex 3.3 for details of reporting benefits.)

³ A selection of commendations by Prime Ministers, CEOs and other opinion leaders can be found at the GRI website (www.globalreporting.org) and in Annex 3.

- *A Common Foundation:* companies complain of 'questionnaire fatigue' as more firms ask about social responsibility issues, but between 50%-80% of the coverage of such questionnaires is similar, and would be covered by reporting based on GRI tools.
- *A Public Policy Network* of the kind identified by UN Secretary-General Kofi Annan in his Millennium Report. GRI has succeeded in bringing diverse stakeholders together to help develop thinking on emerging issues and assist with policy implementation in a low-cost, effective and participative manner that cannot be achieved by governments alone.
- *A Regulatory or Voluntary Instrument:* GRI's mission is to produce consensus on a high-quality and consistent reporting framework, which is available for voluntary use, but could be used in a mandatory environment when and where appropriate.

3.4.b **Weaknesses**

- Although in many other respects voluntarism is an advantage, organisations may choose not to invest in the sometimes significant effort needed to begin reporting on the broad range of sustainability issues if they are under no formal obligation to do so. GRI needs to better communicate the benefits of reporting.
- '*Free Riders*' use and reproduce the *Guidelines* without reference to the GRI, thus depriving GRI of recognition, an active membership base and feedback.

3.4.c **Opportunities**

- The rising interest in a generally accepted, international, voluntary, sustainability reporting framework by all stakeholder groups and by governments means that there are enormous opportunities to expand the range of GRI products and spread their use widely in the public, private and civil society sectors.
- The International Standards Organisation (ISO) is investigating the potential for a management system guideline on CSR. The ISO guidelines, when they emerge, could be an opportune and complementary element in the emerging sustainability framework by offering adopters guidance in the use of existing instruments. At ISO's request, GRI has been playing an active role in the ISO Technical Advisory Group.

3.4.d **Threats**

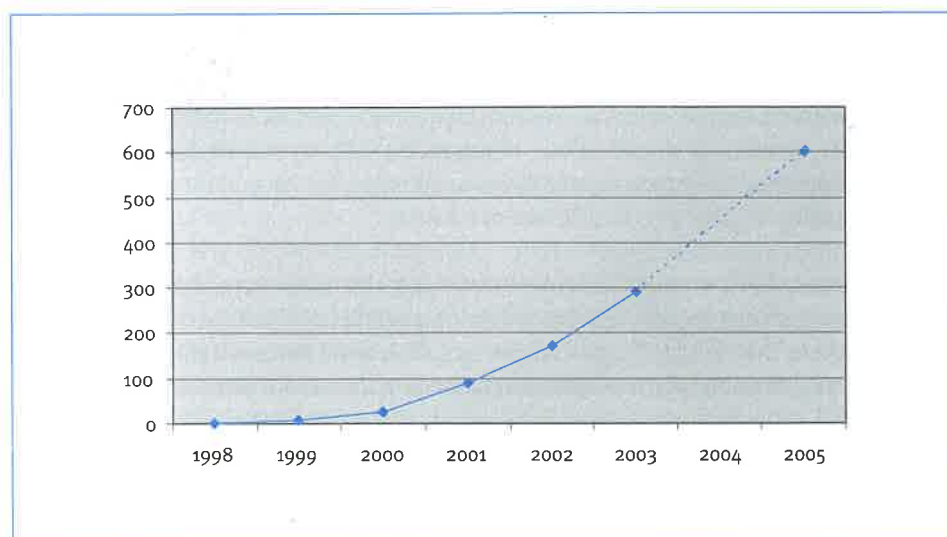
- Economic recession directly threatens the ability of GRI's supporters to provide revenues, and indirectly threatens the willingness and capacity of the private sector to expand corporate responsibility and reporting.
- The benefits to organisations of producing GRI reports are hard to quantify, which may lead some organisations to question the value of the detailed, broad ranging reporting which GRI has pioneered.

3.5 GRI assesses its strengths and opportunities to be much more significant than its weaknesses and threats. GRI has a dominant market position for reporting on CSR and there are no significant competitors. This plan demonstrates how GRI will overcome the potential for financial weakness in its revenue stream, as well as how GRI will make its products even more relevant to users. The voluntary nature of the framework means that GRI can – and must – respond to market demand. In turn, this can also help advance internationally agreed upon government policies.

4. GOALS OF BUSINESS PLAN

- 4.1 To achieve its mission GRI needs continued strong growth in the number of organisations that report using the GRI *Guidelines*. The GRI Board has set an overarching goal of more than 600 business organisations, plus 20 public authorities and CSOs (the '600 plus' group), using the *Guidelines* by the end of 2005. This is challenging but achievable, and will consolidate GRI's position as the world's pre-eminent sustainability reporting institution.
- 4.2 This target is based on a combination of 'push' and 'pull' – what GRI needs to achieve and GRI's understanding of what the market-based and civil society stakeholders want:
- **Past Performance:** rates and breadth of *Guidelines* use demonstrate strong demand for reporting, especially from the corporate sector.
 - **User Interest:** growing numbers and range of expressions of interest from organisations requesting GRI-based sustainability reports include ratings and investment firms.
 - **Scale Benefits:** at the '600 plus' level, a majority of major corporations will be among those using the Guidelines to report. Leading investment and ratings firms also will be routinely using these GRI-based reports. This 'critical mass' will lead to lower transaction costs for all users as GRI reporting becomes the industry standard, facilitating the emergence of standardised support software and professional support services for reporting and assurance.
 - **Shared Burdens:** more reporters and report users will mean more organisations supporting the GRI mission, thus sharing costs among more contributors.
- 4.3 Figure 2 shows the '600 plus' target in the context of GRI's past growth as measured by the number of self-declared reporters known to GRI.

Figure 2: Uptake of GRI Guidelines by Reporting Organisations - Actual and Targeted



4.4 Increasing Uptake of the *Guidelines*: Achieving the Goal

4.4.a Figure 2 illustrates that the '600-plus' goal requires a continuation of the current rate of uptake. GRI plans to achieve this by attracting new users of the current products and processes, as well as by developing new products in response to market demand. This will help to attain its financial goals by diversifying GRI's income streams, while consolidating the organisational structure. These four key elements of the plan are explained below.

4.4.b While the '600-plus' target is its headline goal, GRI has identified a series of subsidiary targets (see Table 3.)

Table 3: Summary of Key Goals and Targets

Goal	Measures of Success	Timeline
Guidelines Uptake by Reporters - 600 corporate reporters - 15 CSO reporters - Five public authority reporters	Number of self-declared reporters using GRI <i>Guidelines</i> equal or exceed these targets.	By end 2005
	Make <i>Guidelines</i> available in English, French, Spanish, Portuguese, German and other languages.	By end 2003
Demand for GRI-Based Reports - expand use by investor community - expand use by other reader groups	Increase in self-declared use. Establish database for tracking and publishing use.	By end 2005
Completion of <i>Guidelines</i> Review and Update	GRI Board approves a revised version of the <i>Guidelines</i> , following consultations, including a Structured Feedback Process (SFP).	By end 2005
Roll-out sector supplements already under development	Publish pilot versions of finance, tour operators, telecom and automotive sector supplements	By end 2004
Develop at least four new sector supplements	Agreements concluded on new supplements.	By end 2005
Authoritative overview on trends in sustainability reporting and on uses of GRI reporting.	Publication (hard copy and web).	By end 2004

4.5 Expanding the Use of Existing Products

4.5.a The existing GRI framework provides valuable benefits for reporters and all kinds of users, as described in Table 4 (and in detail in Annex 3.3). GRI assesses that these benefits will be enhanced as it develops the framework further, which will result in an increasingly attractive set of products to a growing number of potential users.

Table 4: Summary of Typical Benefits to Stakeholders

Stakeholder	Typical Benefits
Corporate	Increased information on own activities, and on stakeholder interests. Provides credible framework to benchmark own & competitors' performance, and respond to rating agency questionnaires. Reduces transaction cost of identifying indicators. Builds trust.
Investors	Increased information to assess intangible aspects of performance and value, allowing comparability and benchmarking. Enhances trust in management and governance.
Supply Chain	Provides an industry standard, with potential for enhancing product quality and brand protection.
Employees	Increased information about employer policies, practices and performance. Provides framework for employees to contribute to improve sustainability performance. Enhances trust in management.
Customers	Increased information about suppliers and products. Facilitates purchasing decisions. Enhances trust in companies reporting.
Governments	Increased information enables cost-effective monitoring of own and corporate performance, and improves basis to make sound policy decisions. Enhances trust in capital markets.
Civil Society Organisations	Increased information and contact enables improved monitoring and comparison of performance, and a framework to provide feedback. Increases levels of communication and trust.
Rating Agencies	Reduces length of surveys and promotes comparability for benchmarking; enables focus on key distinguishing features. Reduces transaction cost of producing 'own indicators'.
Insurers and Re-Insurers	As above, with focus on risk assessment.

(see Annex 3.3 for more details)

4.5.b GRI will undertake a variety of activities to promote and build on these advantages, which will build awareness and demand for GRI-based reports. This will include:

- creating new publications and website material to explain and promote the advantages of the framework;
- working with reporters to develop ways of helping them to use the framework, e.g., additional explanatory materials, capacity building workshops and training;
- developing specialist approaches, e.g., for smaller companies; and
- engaging with financial markets to stimulate demand from investors, rating agencies and like organisations for companies to use the GRI Framework;
- seeking support from governments for increased promotion of voluntary reporting according to the GRI *Guidelines*.

4.6 Development of New Products

4.6.a GRI's commitment to develop new products stems from its core mission to expand sustainability reporting. GRI has recognised that the general *Guidelines* cannot respond fully to the interests of all stakeholders. It has responded and will continue to respond to demand from stakeholders for additional products to complement the existing portfolio of documents.

- 4.6.b There is particular demand for two categories of new products: guidance on GRI reporting, and industry specific indicators.
- 4.6.c GRI has already produced several documents that provide guidance on reporting (see Table 2). They range from specific resource documents to more general introductory material. Based on levels of interest already expressed, there is a clear demand for documents that address reporting by small and medium sized enterprises (SMEs), trends in GRI and CSR reporting, and the provision of third-party services (i.e., how to respond to demand for help in preparing and assuring GRI reports).
- 4.6.d Pilot work in four sectors has demonstrated both interest in sector-specific indicators and GRI's ability to develop generally agreed indicators to complement the *Guidelines*. Based on this experience, GRI expects that there will be a sustained demand for new sector supplements. GRI intends to develop at least four new sector supplements during the period 2003-2005. The specific sectors have not yet been decided by the Board, but candidates include mining and metals, pharmaceuticals, energy, forest products and construction, as well as public authorities, including international organisations, local authorities and municipalities.
- 4.6.e New products will also include a range of services, including meetings, workshops and training events that promote capacity building, engagement and use.

4.7 Diversification of Income Streams

- 4.7.a From its inception in 1997, GRI was largely supported by grants from US-based foundations and global companies, together with the UN Foundation and World Bank (see Annex 3.4). Now, as GRI moves into a new phase, based in Europe, it needs to build financial sustainability by building new and diverse streams of income. GRI's ability to achieve its mission requires long-term financial stability.
- 4.7.b There are special challenges in ensuring financial stability for a non-profit organisation like GRI, especially because its products have been developed as a 'public good' available free to anyone. But the business plan recognises that the GRI can only be viable in the long term if it is supported by all those who value and use its products. Extended or extensive 'free riding' by report makers or report users would undermine GRI and the viability of its unique partnership platform.
- 4.7.c GRI will now seek financial support from all stakeholder groups who benefit from its products, so that it will progressively diversify the funding base. Financial support will be sought principally from three streams: contributions from organisational stakeholders; financing from organisations wishing to see specific new GRI products developed on a project basis; and grants from governments and foundations that wish to support GRI's activities.

- 4.8 Governments and intergovernmental organisations, although not 'stakeholders' in GRI's governance structure, are considered important partners and collaborators, and have an essential role in funding the GRI as a provider of a global public good. GRI recognises the role and responsibilities of governments in setting the policy framework for sustainable development, and encourages close communication with them. GRI also works with the European Union (EU) and a number of intergovernmental organisations and bodies, most notably its co-founder, UNEP, and the UN Global Compact. GRI also maintains dialogue with the World Bank Group, the OECD and several other UN bodies.
- 4.9 GRI hopes the *Guidelines* will be used by governments and intergovernmental bodies directly (e.g., public bodies developing their own reports) or indirectly (e.g., recommending use of the *Guidelines* to third parties). Governments that advise or ask the business sector to prepare reports on economic, social and environmental performance could specify GRI as an appropriate, cost-effective and ready-to-use framework.
- 4.10 **Organisational Stakeholders (OS)**
- 4.10.a GRI requires contributions from Organisational Stakeholders (OS) to support its core activities. The OS group is a formally recognised category of GRI subscribers, representing the wide constituency of business, professional service providers, labour, CSOs and other supporters. By becoming an OS, an organisation pledges support for the GRI mission and undertakes to consider publishing a report using the *Guidelines* within three to five years. An OS pays an annual subscription fee and receives a range of benefits, including the right to vote on the composition of the GRI Stakeholder Council, and reduced fees for GRI publications and events.⁴
- 4.10.b The OS category is in essence a membership base for GRI. Applying the principle 'no representation without taxation', GRI now invites all stakeholders to contribute to its budget by becoming OS. GRI is seeking support for a major outreach program to enlist OS, having:
- established OS annual subscription fees at a level that should enable wide international participation by all stakeholder groups;
 - developed a simple application process that explains the benefits of being an OS (a copy is attached in Annex 3.5 and is available on the GRI website); and
 - created a database for recording and acknowledging OS.
- 4.10.c Subscription fees are related to an organisation's capacity to contribute, with a maximum fee of € 10,000 per year and a minimum of € 50. To attract a large and broad-based support group from around the world, GRI has set the subscription fees at comparatively low levels, compared to the fees of a range of international professional service providers, industry standards bodies and other business organisations. It is convinced this will attract support for GRI from SMEs and large multinational enterprises, as well as labour and CSO groups.

⁴ Financing does not imply or allow formal ownership of GRI products or process or confer any entitlements other than those defined (see Annex 3.5).

4.11 Project Partners

4.11.a The second pillar of funding will come from partners wishing to develop specific GRI projects. Potential projects cover a wide range of GRI products and services (see Table 1, Annex 2). All projects need to fit GRI's core principles (e.g. stakeholder balance and diversity, thematic focus) and be consistent with its mission and priorities. One potential area is for further sector supplements, where advanced discussions are already underway with several industry sectors.

4.11.b The desire for project funding is based on:

- demand: there is wide stakeholder interest in developing project-based work;
- diversity of interests among stakeholders, which require specific responses in addition to the general reporting framework; and
- responsiveness to the market: GRI needs to relate revenue streams to market interests.

4.12 Consolidation of Governance

4.12.a Consolidation of GRI's governance structure is the fourth and last objective of the business plan. As GRI moves forward in a more entrepreneurial manner, it will be vital to separate and maintain its unique multi-stakeholder governance structure and independence of decision-making from its diverse funding sources.

4.12.b GRI has been established under Dutch law as a non-profit organisation (or 'stichting'). The main governance bodies laid down in the Articles of Association are: the Board of Directors, Stakeholder Council, Technical Advisory Council, Organisational Stakeholders, and the Secretariat. The challenge is to build their roles so that they work together creatively to advance the GRI mission.

4.12.c The composition of each of these bodies reflects GRI's commitment to balance, diversity, transparency, accountability, learning and excellence.

Board: The 15-member Board sets the strategic direction and budgetary framework, and advises and supervises the Chief Executive. The first Board, constituted in April 2002, has a distinguished international membership, chaired by Dr. Judy Henderson. A full list of Board members is at Annex 3.1.

Stakeholder Council: A 60-member Stakeholder Council (SC) provides advice and feedback on GRI's work and contributes to the election of the Board. The SC was first fully constituted in 2003. The Chair of the Stakeholder Council, as elected at its inaugural meeting, is Ms. Linda Funnell-Milner.

Technical Advisory Council: A 10 – 15 member body charged with technical oversight of the GRI reporting framework development process. This body will be formed in 2004.

Organisational Stakeholders: Organisational Stakeholders (OS) elect a majority of SC members. The OS category is an open-ended group of self-declared supporters. Any organisation is entitled to become an OS, and in doing so commits to promoting GRI, using the GRI *Guidelines*, and to paying a membership fee.

Chief Executive: The Chief Executive is appointed by the Board and is an ex-officio member. S/he is charged with achieving the operational targets set by the Board and is responsible for the management of GRI. GRI's first permanent Chief Executive, Ernst Ligteringen, took up his duties in December 2002.

Secretariat: Responsible for ensuring the use and continued improvement of both the GRI multi-stakeholder process and products. Its roles include promotion of the use of the framework, protecting GRI's name and logo, maintaining the integrity of the multi-stakeholder process, and servicing the GRI governance bodies. A list of current staff is attached at Annex 3.2.

To ensure maximum efficiency and minimum fixed operating costs, frequent use is made of independent consultants, who are engaged on an ad hoc basis for specific projects. Consultants are appointed and supervised by GRI under fixed-term project contracts. As an open institution, staff secondments from all stakeholder sectors are also encouraged.

5. PHASED IMPLEMENTATION

- 5.1 An overarching objective of the business plan is to ensure credibility of the GRI multi-stakeholder process and optimise use of the GRI reporting framework. A secondary objective is to build capacity to respond flexibly to demand for processes and products. This distinction is behind the separation of core and project funding described in the following section. GRI has also adopted a phased approach to development, which means that it concentrates initially on the core activities. Subsequent development phases will depend on experience during the first phase, and on the financial support available.
- 5.2 The phasing of the proposed activities, strategies for achieving them and proposed funding sources, are outlined in Table 5.

Table 5: Overview of Three-Phased Development Approach

OUTCOMES	STRATEGY
Phase 1 (commencing June 2003)	
<i>GUIDELINES UPTAKE:</i> '600 plus' GRI reporters by end 2005.	'Financial Driver' Strategy: stimulate reporter 'pull' effect by expanding demand for GRI-based reports from the investment community. Translate products into additional languages.
<i>GUIDELINES USE:</i> increase demand by report readers from all stakeholder groups.	As above, also increase level of GRI engagement with the investment community, including through the SFP (below).
<i>GUIDELINES REVISION:</i> Revise and re-issue <i>Guidelines</i> by end 2005	Consultations, including Structured Feedback Process (SFP) in which stakeholders identify improvements to 2002 <i>Guidelines</i> .
<i>SECTOR SUPPLEMENTS:</i> Finalise and release supplements on automotive, financial services, telecommunications and tourism.	Completion of current pilot processes. Wide dissemination among interested stakeholders.

NEW SUPPLEMENTS & TECHNICAL PROTOCOLS: Develop and release supplements for four new sectors.	Continue to survey demand from specific sectors. Identify sectors where stakeholder interest is highest, and optimise overall GRI goals.
ORGANISATIONAL STAKEHOLDERS: Increase OS subscriber base in line with revenue projections.	Develop and disseminate materials highlighting benefits of being an OS. Seek inputs from Stakeholder Council and OS on expanding benefits.
BUDGET: Build up a financial reserve equalling four months operating costs.	Set aside proportion of general gross revenue; increase overall revenue.
Phase 2 (from 2004*)	
Continue and consolidate Phase 1 activities, and expand, depending on resources.	Continue to expand GRI multi-stakeholder network of report makers and report users.
REGIONAL PRESENCE: Expand presence, including through regional forums.	Review experience with GRI Forum Japan: define priorities, terms and conditions for establishing additional regional presence.
DIVERSIFY PRODUCTS: Publish first 'flagship' publication on GRI reporting trends and users.	Identify partners to work on tracking and assessing trends in use of <i>Guidelines</i> and CSR reporting.
Phase 3 (from 2005*)	
PROFESSIONAL SERVICE PROVIDERS: Develop a systematic collaboration strategy.	Seek to work with growing cadres of professionals to develop synergies and capacities on GRI-related services.

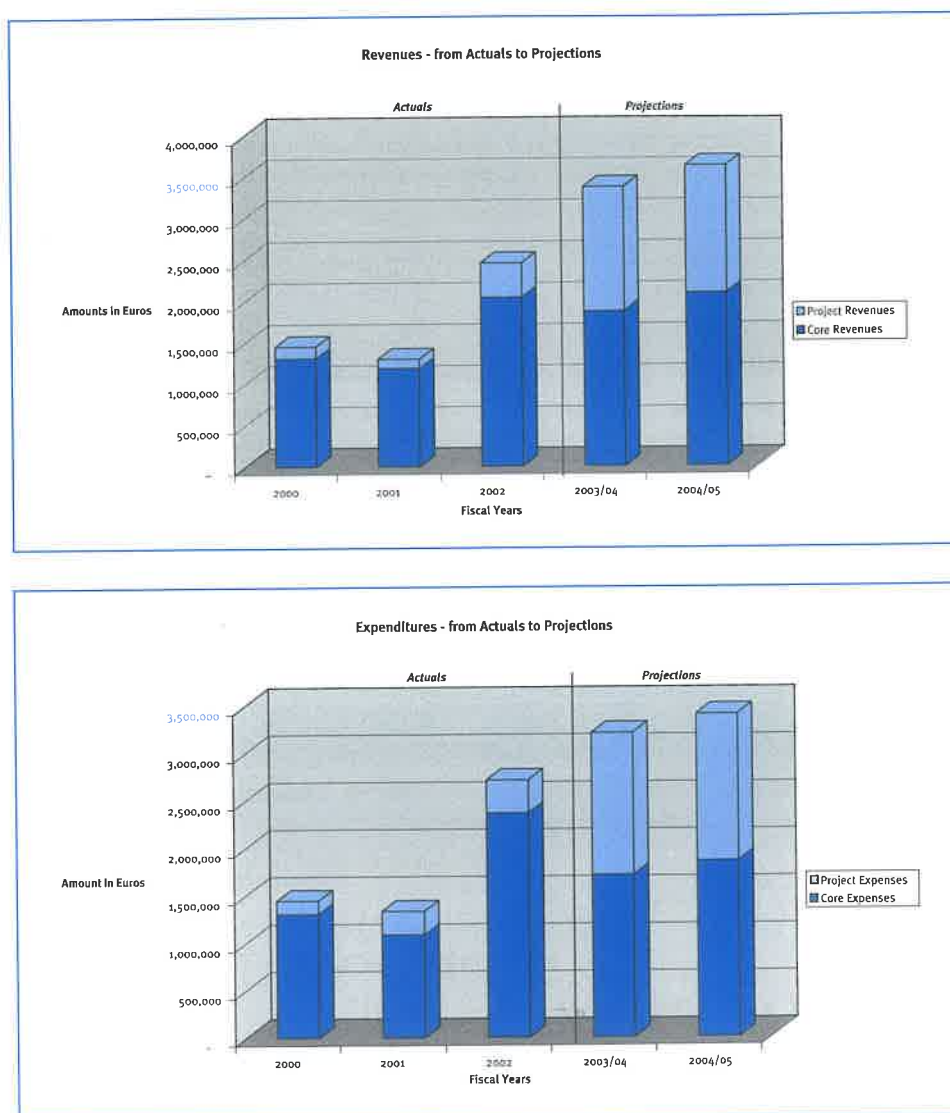
(* commencement year is provisional and dependent on Board decisions to proceed.)

6. BUDGET AND FINANCE

6.1 Context

- 6.1.a GRI established a solid level of funding even before becoming a permanent organisation in 2002, with total revenues of around € 1.45 million a year. Originally funded entirely by foundations, GRI has established alternative sources of income, including significant growth in recurrent income, representing 50% of the total in 2003. Recurrent (guaranteed annual) income will be further enhanced by the decision to institute subscriptions from Organisational Stakeholders. The revenue base of € 1.45 million grew by over 40% between 2000 and 2002.
- 6.1.b Expenditure matched revenues from 2000 to 2001. In the launch year, expenditures exceeded the still growing income because of start-up costs for the new permanent organisation, high-profile activities such as the release of the 2002 *Guidelines* and representation at the WSSD in Johannesburg.
- 6.1.c Figure 3 below shows the evolution of GRI's revenue and expenditure between 2000 and 2003, together with projections for the next two years.

Figure 3: Revenue and Expenditure – Actual and Projected



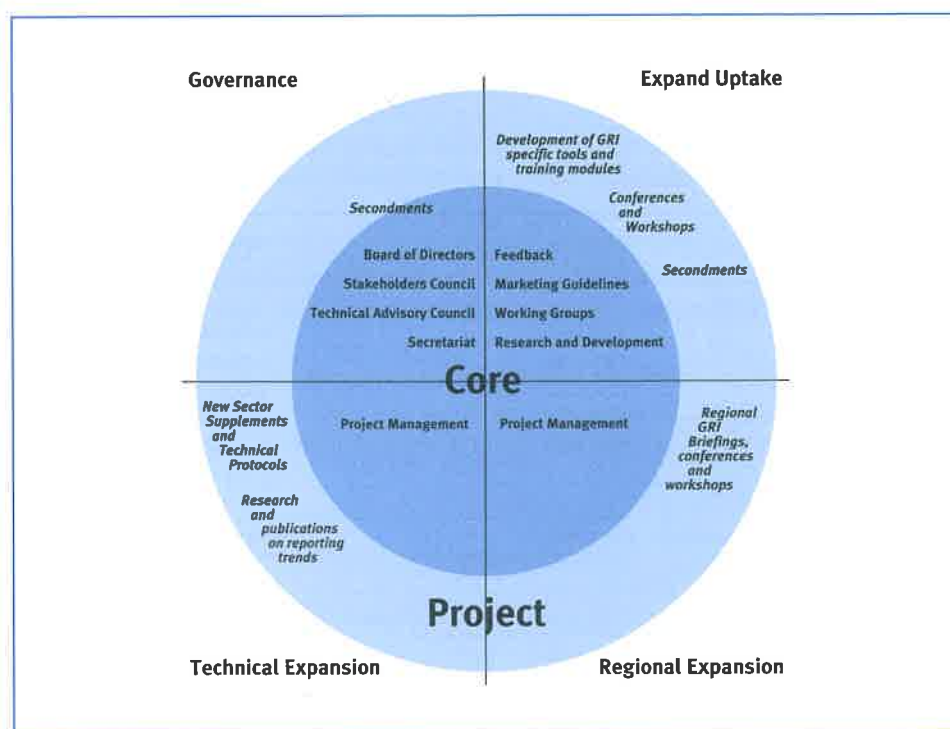
6.2 Financial strategy

6.2.a GRI's financial strategy is based on three principles:

- to safeguard the core GRI mission through recurrent funding, creating a separate project component through which it can develop new GRI activities;
- to diversify revenue streams, both to ensure the legitimacy of the multi-stakeholder process and to spread funding risk; and
- to increase long-term recurrent funding sources, centred on building the OS membership base.

6.2.b The relationship between the core and project budgets is illustrated in Figure 4, showing that most expenditure will be allocated to governance and expanding use. Some resources will be available for coordination of technical development and outreach, however the level of actual activities will depend on project funding.

Figure 4: Activities Funded Under Core and Project Budgets



6.3 Funding Priorities and Sources

6.3.a 'Unrestricted' Income, which is provided without specific conditions, constitutes the bulk of GRI's funding. Examples include grants from foundations and business. This is important because GRI management is not constrained in allocating these funds. 'Restricted' Income is designated for specific purposes, e.g., for the development of specific projects such as sector supplements. Secondments and in-kind contributions are a further welcome resource which substitutes qualified staff, goods or services for direct financial support.

6.3.b During the 2003-2005 period, GRI will seek expansion of all these revenue streams, but differentiate and balance them in the budget. The first part of the budget focuses on the maintenance and further development of existing GRI products and processes. Funding for such activities will come mainly from grants by foundations, governments and stakeholders, which will be 'unrestricted' income. This will be GRI's immediate priority, with project funding becoming part of a second phase, as described below.

6.4 Core Budget

6.4.a GRI's primary financial objective is to ensure adequate and stable funding for its mission. The core budget will finance the organisation's basic governance and program activities:

- maintaining the unique multi-stakeholder governance system;
- promoting the use and improvement of existing GRI products, in pursuit of the '600 Plus' reporter target;

- regional outreach, including continued dialogue with advisers and stakeholders around the globe (but not developing an institutional presence at the regional level at this stage); and
- expansion of technical capacity to support project marketing.

Table 6: Core Budget (Euros)

	2003/04	2004/05
Unrestricted Revenues		
<i>Foundations</i>	500,000	400,000
<i>Governments</i>	350,000	300,000
<i>Multi-laterals</i>	175,000	300,000
<i>OS, Benefactors, Patron</i>	550,000	775,000
<i>Other</i>	300,000	310,000
<i>Project Revenue</i>		
<i>Total Unrestricted Revenues</i>	1,875,000	2,085,000
Core Expenditures		
<i>Labour</i>	967,400	999,000
<i>Governance Costs</i>	139,400	205,000
<i>Programmatic Costs</i>	251,750	272,000
<i>Communications</i>	66,900	108,000
<i>Operations (F&A)</i>	289,100	275,000
<i>Total Core Expenditures</i>	1,714,550	1,859,000
Net Surplus/ Deficit	160,450	226,000 *

* Net surplus will be set aside in a reserve. GRI Board has set a target of four months operating expenses held in reserve by 2005.

6.4.b *Funding sources:* Core funds will come from two main sources – subscription fees from OS and grants from governments, foundations and other bodies. The core budget will also be supported by contributions to overheads via project funding.

6.4.c *The core budget* set out in Table 6 is based on funding that is either already confirmed, or assessed with confidence. It will thus ensure the continued consolidation of GRI. It will not, however, cover the development of new products and services. This is the function of the projects budget.

6.5 Projects Budget

6.5.a The projects budget gives GRI a new capacity to respond to demand while reducing the risks inherent in new product development. It will seek independently funded project finance, e.g., to develop new sector supplements, which will expand and contract from year to year according to market demand for new products or services.

LIST OF ACRONYMS

CERES	Coalition for Environmentally Responsible Economies
CSO	Civil Society Organisations
CSR	Corporate Social Responsibility
EU	European Union
FLA	Fair Labour Association
GRI	Global Reporting Initiative
ILO	International Labour Organization
ISO	International Organization for Standardization
MNE	Multi-National Enterprise
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OS	Organisational Stakeholders
SAI	Social Accountability International
SAM	Sustainable Asset Management
SC	Stakeholder Council
SFP	Structured Feedback Process
SME	Small and Medium Sized Enterprises
SRI	Socially Responsible Investment(ing)
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
WEF	World Economic Forum
WSSD	World Summit on Sustainable Development

ANNEX 1: GRI FY BUDGET

Time Period		1 July 2003 - 30 June 2004
Core Budget	note	Total
Unrestricted Revenues		
Foundations		500,000
Governments		350,000
Multi-laterals		175,000
OS, Benefactors, Patron		550,000
Other		-
Project Revenue	1	300,000
Total Unrestricted Revenues		1,875,000
Core Expenditures		
Labour Costs		
Staff Salaries		936,000
Consulting	2	26,000
Temporary	3	5,400
Employee Recruiting		-
		967,400
Governance Costs		
Board, SC & TAC		139,400
		139,400
Programmatic Costs		
Engagement and Uptake		136,350
Guidelines		115,400
		251,750
Communications Expenses		
Graphic Design		10,000
Printing		20,000
Translations		6,000
Web Design- Development		5,000
Printing/Photocopying		3,000
Advertising		5,000
Shipping		7,000
Telephone Costs		10,900
		66,900
Office Expenses		
Rent and Utilities	4	110,000
Office Maintenance		17,400
Furniture and Fixtures	5	50,000
Equipment Rentals		9,800
Office Supplies		3,600
Postage and Delivery		6,000
Photocopying		400
IT		29,600
Financial Expense		
Insurance		1,000
Audit	6	10,000
Accounting Services		13,200
Other Advisors		13,100
Contingencies	7	25,000
		289,100
Total Core Expenditures		1,714,550
Net Surplus/Deficit	8	160,450
		158,000

Project Budget	note	Total
Restricted Revenues		
Foundations		425,000
Governments		375,000
Multi-laterals		325,000
Other		375,000
Total Restricted Revenues		1,500,000
Project Expenditures		
Labour Costs		
Staff Salaries		225,000
Consulting		481,000
Temporary		-
Employee Recruiting		-
		706,000
Programmatic Costs		
Staff Travel		187,200
Board Travel		-
Stakeholder Council Travel		-
TAC Travel		-
Stakeholder Travel (Reimb)		220,800
Meeting Expenses		24,000
		432,000
Communications Expenses		
Printing		28,000
Translations		7,000
Web Design- Development		6,000
Advertising		12,000
Shipping		9,000
		62,000
Overhead Expense		
Administrative	1	150,000
Programmatic		150,000
		300,000
Total Project Expenditures		1,500,000
Net Surplus/Deficit		-

Notes

- 1: Projects charged 10% administrative and 10% programmatic overhead charges. This charge is reflected as project revenue in the core budget.
- 2: Consulting fees to support GRI Secretariat work in North America @ one day per week until 31 December 2003.
- 3: Temporary service contract for logistics of Stakeholder Council meeting 9 - 10 July, thereafter contract terminated.
- 4: Assumes reduction of office rental through sub-lease of 80 sq. m. of space, creating savings of EUR 25K.
- 5: One time charge for purchase of office furniture (Capital expenditure item).
- 6: Audit fee for first year of operations will be slightly higher than in future years.
- 7: Maximum variance if budgetary estimates are incorrect. Contingency to cover exchange rate fluctuations and unforeseen expenditures, low estimate in 2003/04 due to tight cash requirements.
- 8: Surplus will be set aside in a reserve account according to Board policy to accrue 4 months operating expenses by 2005.

“Overall, 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.”

*Henderson Global Investors
SRI Annual Report
May 2003*

“Our wish is that in voluntary reporting on sustainability, GRI would reach a status comparable to IAS [International Accounting Standards] in financial reporting.”

*Matti Honkala
CEO and President
Kesko Corporation, April 2003*

“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, The Royal Dutch/Shell Group
Walking the Talk: The Business Case for Sustainable Development, 2002*

“The GRI uptake in South Africa and in all developing and emerging countries will make a leading contribution to corporate responsibility, to stronger capital markets, and to meeting the great challenge of sustainable development that lies ahead.”

*Mervyn King
Chair, South Africa King Committee on Corporate Governance
July 2003*

“The birth of the Global Reporting Initiative is welcome because the GRI has the potential to increase the transparency and accountability needed to build sustainable societies. The inclusion of labour as an independent stakeholder in this initiative will be an essential component of its success.”

*Guy Ryder
General Secretary, International Confederation of Free Trade Unions
April 2002*

“(The GRI) is contributing in a very important way to promoting the integrated approaches that are vital to the pursuit of sustainable development. This is no small achievement, and it is one I am happy to celebrate.”

*Jean Chrétien
Prime Minister of Canada
October 2002*

Firms that show a commitment to enhance their traditional financial reporting to include the environmental and social impact of their operations are sending a strong signal to citizens and to markets. Companies that recognize the importance of signing on to the UN's Global Compact and the Global Reporting Initiative are sending an equally strong signal.



Additional information is
available on the GRI web site:
www.globalreporting.org

August 2003

ANNEX 2: PROJECTS

PROJECT DEVELOPMENT PROCESS

- A2.1 GRI seeks partners interested in developing specific projects relating to existing and new GRI products. To assist potential partners in considering and submitting proposals, this Annex describes the GRI project development process, and contains examples of projects open for funding.
- A2.2 To ensure that these projects are consistent with GRI's independent status and mission, the GRI Board has set a number of parameters for considering proposals:
- *Board approval:* the Board will approve all proposals for the development of new products, such as sector supplements.
 - *Complementarity:* Projects should contribute directly to the achievement of the GRI mission and objectives. Where possible, projects should build directly on existing GRI products.
 - *GRI process:* projects will adhere fully to GRI's process, i.e., be coordinated by GRI, using its principles of openness to all stakeholder groups, diversity and balance of representation, transparency and commitment to excellence.
 - *GRI supporting:* projects should be self-funding, i.e., will not require funding from the GRI core budget, but will also provide an overheads component to cover the costs of GRI staff time in processing, coordinating and managing the project.
- A2.3 Although the 'project-driven' approach outlined above reflects a new strategy, project management is a familiar area to GRI. In developing its existing products, GRI made extensive and successful use of pro bono and consultant inputs. Under the expanded project approach envisaged in this business plan, GRI will continue to build up a network of skilled professionals who will work closely with GRI staff in the design and execution of all projects.
- A2.4 A list of projects for which GRI is currently looking for partners can be found in this Annex, together with detailed project descriptions. (See Table A2.1)

GRI cordially invites all stakeholder groups, governments and other supporters to consider how GRI's products might be diversified and thereby advance the goal of sustainability reporting. Persons and organisations interested in exploring the potential for developing new GRI products, or expanding the use of existing products, are invited to contact the Chief Executive, Global Reporting Initiative, 209 Keizersgracht, P.O. Box 10039, 1001 EA, Amsterdam, The Netherlands, or projects@globalreporting.org.

Table A2.1: Examples of GRI Products and Services Open to Project Funding

Product/Service	Projects	Partners	Benefits
Authoritative information about GRI, voluntary CSR reporting trends, etc., for public authorities, business, SMEs and other bodies.	<p>Review and assess specific information needs of country/region/sector.</p> <p>Conduct workshops; disseminate GRI materials.</p> <p>Report on global CSR/GRI reporting trends.</p> <p>Report on policy framework for sustainability reporting and related third party services.</p>	<p>Donor/recipient governments; multilateral agencies.</p> <p>Mediating organisations (e.g. consulting service providers).</p>	<p>Helps governments to:</p> <ul style="list-style-type: none"> • meet WSSD and other commitments to encourage increased corporate social and environmental responsibility; • report public authority performance; • support legislative and other policy instruments. <p>Assists business to make optimal use of existing generally accepted voluntary reporting framework.</p>
Capacity building and training in relation to use of GRI reporting.	Develop and conduct training workshops for reporters and report users.	Governments; multilateral agencies; business associations; individual businesses.	Use of GRI <i>Guidelines</i> by business promotes trust and healthier functioning of capital markets by enhancing transparency and facilitating improved management and governance.
Sector supplements, protocols and supporting documents.	Develop new GRI sector supplements, protocols and resource documents for specific industry sectors (including SMEs) and public authorities.	Like-minded businesses; business associations; public authorities; multilateral agencies and governments.	Benchmarking potential developed with low, shared transaction costs; promotion of partnerships.

ANNEX 3: BACKGROUND DOCUMENTATION

The purpose of this Annex is to provide readers with detailed documentation about GRI. In most cases, the documents listed below can be found on GRI's website, where the most up-to-date information on GRI is maintained.

Contents

- A3.1 Board of Directors (www.globalreporting.org/governance/board.asp)
- A3.2 Secretariat (www.globalreporting.org/about/secretariat.asp)
- A3.3 Summary of Benefits of Reporting (See below)
- A3.4 List of Donor Organisations (1997-2002) (www.globalreporting.org/SupportGRI)
- A3.5 Organisational Stakeholder Benefits (www.globalreporting.org/governance/OSregistration.pdf)
- A3.6 Organisational Stakeholder Application Form (See insert)
- A3.7 Selection of Commendations (<http://www.globalreporting.org/about/others.asp>)

A3.3 Summary: Benefits of Reporting Using GRI Guidelines

Benefits for Report Makers

There is demand for GRI *Guidelines* and sector supplements for various reasons. From the perspective of reporting organisations, these include the following:

- **Management Tool:** organisations can use GRI reporting to help measure and benchmark performance, both against their own targets and competitors. Management can use the GRI indicators to encourage employees to understand and contribute to progressively better performance.
- **Increased comparability and reduced transaction costs of sustainability:** This occurs across the system when the GRI is used as the generally accepted reporting framework instead of diverse and ad hoc reporting approaches.
- **Supply Chain Tool:** Out-sourcing, just-in-time production, and supply chains have become integral elements of modern business. GRI reporting can be a 'bureaucracy-light' but powerful tool for ensuring that brand and reputation are not eroded by the activities of others along the supply chain.
- **Financial Tool:** while reporting involves certain additional costs, the results of reporting can help increase the financial bottom line by identifying areas of waste and new business opportunity.
- **Communications Tool:** by establishing a generally agreed framework, GRI provides a common language and set of indicators that can be used to discuss performance among stakeholders, and reduce 'survey fatigue'.
- **Comparative Advantage Tool:** in a world of intensifying competition, businesses need to maintain and improve their 'edge'. Use of GRI products and processes can provide valuable information on changing stakeholder interests and demands for legislation.
- **Network Tool:** GRI offers one of the few forums where key stakeholder groups convene, as equals, to discuss and advance sustainability. In this way, the GRI process can assist in building new partnerships and understanding.

Because the development costs of the *Guidelines* and other GRI documents is shared among multiple users, the overall transaction cost for reporters is considerably lower than the costs that might be involved in developing an 'own company' or 'own sector' reporting framework.

Benefits for Report Users

Report users can also derive multiple benefits from using the GRI framework documents. In addition to many of those listed above, report readers have the following benefits:

- *Benchmarking and Ratings Tool*: banks, investors and ratings organisations all need high quality and comparable information about corporate performance. GRI products help reduce the volume and variety of information normally processed, while increasing its focus and value. According to one recent study, GRI indicators cover approximately 80% of the indicators most commonly sought in ratings and research organisation surveys.
- *Corporate Governance Tool*: an organisation's handling of sustainability issues is widely regarded as a general litmus test of its management's capacity to anticipate and respond to emerging issues. Shareholders, governments, labour and advocacy groups interested in governance issues can use GRI products to make their own assessments of the quality of corporate governance.
- *Dialogue Tool*: employees, customers, suppliers, governments and advocacy organisations regularly seek information about CSR policies and activities. The GRI framework facilitates discussion based on a common language and recognised indicators.