

A perpetual work in progress: the Global Reporting Initiative

Judy Henderson and Mark Brownlie, Global Reporting Initiative, Boston, USA

After five years of development, the Global Reporting Initiative (GRI) is just getting started. On 4 April 2002, more than 200 people gathered at the United Nations (UN) headquarters in New York City to witness the inauguration of an independent, international institution committed to advancing organisational transparency on sustainability performance. The audience heard a panel of speakers representing a broad spectrum of stakeholders – including civil society, business, and government – unanimously endorse GRI's Sustainability Reporting Guidelines as a transparent accountability mechanism for companies to follow in reporting on their non-financial activities.

Commencement

However, this inauguration ceremony should not be considered a culmination of efforts on standardising sustainability reporting. It simply marks the conclusion of the first stage in the life of the GRI, and the commencement of a dynamic new period of intellectual and institutional development. Although the GRI has made significant strides in its formative years, it should be seen as simply Year 5 of a 30-year development. There is much more to be done to build the GRI Guidelines and associated guidance into an international standard that rivals the standards already in place for financial reporting.

A brief history lesson

Established in 1997 and administered jointly by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Programme until earlier this year, the GRI has been an exciting experiment in global multi-stakeholder collaboration involving business, civil society organisations, financial services and accounting organisations, labour representatives and others. GRI has reached out globally to bring together a diverse range of stakeholders, who, despite widely different entry points, are united by a shared commitment to higher standards of accountability.

More than 3,500 participants from hundreds of organisations are in the GRI network, and participants from more than 50 countries have been involved at GRI meetings in 25 countries. The Guidelines, initially released in exposure draft form in March 1999, were revised and re-released in June 2000 after a period of intensive pilot testing, commenting, and revision. The most recent version of the Guidelines was released in mid-2002, following two years of testing,

development and refinement by hundreds of companies, civil society organisations and others.

In the past three years GRI has interacted with more than 10,000 stakeholders through presentations and workshops at almost 100 conferences, symposia, briefings and meetings. To ensure truly global outreach, GRI has held briefings and consultative meetings in Argentina, Australia, Brazil, Canada, France, Germany, Hong Kong, India, Italy, Japan, Malaysia, Netherlands, South Africa, Switzerland, UK and USA.

Partnerships for learning

GRI's swift evolution from a bold vision to a new institution has been possible because of partnerships – not imaginary or rhetorical partnerships – but genuine, solid partnerships amongst organisations and individuals around the world. These partnerships require all of the key components of successful human interaction: a willingness to listen and learn, to trust, to act in good faith. Nurturing partnerships has been central to the success of GRI and remains a continual process.

Critical to the credibility of GRI have been formal partnerships such as:

- A Memorandum of Understanding with UNEP to designate GRI a Collaborating Centre
- A co-operative framework with the UN Global Compact recognising that companies endorsing the Global Compact's nine principles may use GRI reporting to fulfil a key Global Compact participation expectation
- Public endorsement by members of the GRI Charter Group, a diverse group of organisations committed to ensuring GRI's long term success through strategic, financial and operational support.



Figure 1. Timothy Wirth, President of the United Nations Foundations at the GRI inauguration

But it is the informal “partnerships” with individual companies and business associations, labour federations, and civil society organisations that will be fundamental to the widespread public acceptance of the GRI goals. Through constant interaction with groups “at the coalface”, a common platform is taking shape for sustainability performance reporting. This involves an on-going process of review as new information and perspectives emerge.

Companies

As of May 2002, more than 115 companies had used the Sustainability Reporting Guidelines in preparation of their reports. Many indicate that the single reporting mechanism has enabled them to manage risk more effectively and has generated competitive advantage through enhanced reputation. Approximately 45 companies have participated in pilot and structured feedback programmes since 1999 and have provided instrumental input on the Guidelines.

One of the companies that participated in both pilot programmes is Baxter International, a US-based multinational supplying medical products and services. As Chairman and CEO, Harry J. Kraemer Jar, explained to the gathering in New York, “The GRI Guidelines have

encouraged us to take a more comprehensive look at our performance according to the triple bottom line of economic, environmental, and social responsibility... Through our sustainability report, we are able to bring these together to show the synergies and interrelationships in defining our success and responding to diverse stakeholder interests.” Not only has Baxter learned from involvement in GRI, but GRI has benefited from their suggestions to make the Guidelines of more value to reporting organisations.

Non-governmental organisations

Since its inception, non-governmental organisations (NGOs) have participated in the development and revisions of the Guidelines. Several recognised international NGOs such as Greenpeace, Oxfam, Amnesty, and Consumers International have openly endorsed GRI by becoming members of the Charter Group. However, NGO leaders and human rights activists have been quick to point out that the work of GRI is part of a wider international standard-setting process that in the past evolved from agreements among UN member

states. The time has come, many say, to incorporate the international standards and norms into the activities of the private sector. This entails a level of accountability for which voluntary mechanisms are viewed by many

The GRI Guidelines have encouraged us to take a more comprehensive look at our performance according to the triple bottom line of economic, environmental, and social responsibility... Through our sustainability report, we are able to bring these together to show the synergies and interrelationships in defining our success and responding to diverse stakeholder interests.

NGOs as incomplete. The clear message from civil society representatives is for more vigilance in the monitoring of compliance and assurance of content of reports.

Labour, accountancy organisations, and governments

Labour representatives involved in GRI have stressed the relevance of increased transparency in protecting employee rights. Many of the GRI Guidelines are

at the core of the mission of labour activists, particularly in the Social Performance section where such issues as employee engagement in decision-making, health and pension benefits, and compliance with child labour laws are confronted daily.

Two leaders represent labour on the GRI Board of Directors.

The skills and experience of the international accountancy profession have much to offer GRI in the areas of assurance and standard setting. GRI’s efforts to promote global compatibility and credibility in sustainability reporting are complementary to the work of the international accounting community in improving the transparency of the international auditing standard setting process. European, Canadian and international accountancy organisations have been prominent in GRI’s governance and drafting of the Guidelines.

With voluntary and mandatory environmental and social reporting programmes multiplying around the world it is important that GRI works closely with governments to improve harmonisation and help avoid unfortunate inconsistencies between national programmes.

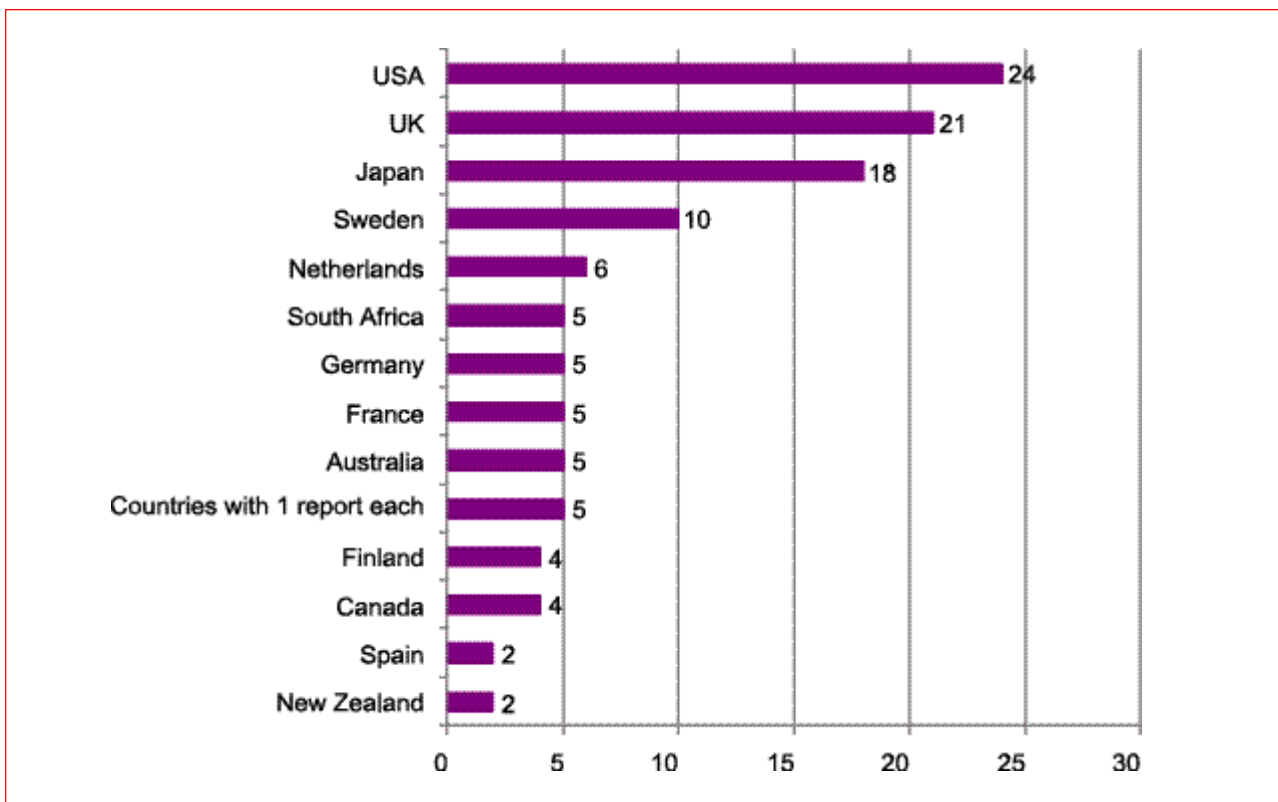


Figure 2. GRI reporters by country

Challenges ahead

Through on-going dialogue with all of the foregoing stakeholders, GRI realises that it needs to continue learning and developing before it can fulfil its mission of making sustainability reporting as routine as financial reporting.

GRI must interface with the many other initiatives aimed at furthering corporate responsibility. Organisations such as the OECD, AccountAbility, ISO, and Social Accountability International are all involved in the development of principles and global standards for corporate performance. GRI is working to integrate such initiatives into the Guidelines to provide a harmonised disclosure mechanism through which companies can demonstrate their commitment to these principles and standards.

Dissemination of the Guidelines to new audiences is critical to gaining a broader consensus. As well as the numerous regional meetings previously mentioned, participation in the World Summit on Sustainable Development in Johannesburg will offer further opportunities for outreach to new organisations and individuals.

While focus continues on updating and refining the core Guidelines, production of a range of sector supplements to the Guidelines is high on GRI's agenda. Early work has included supplements for tour operators, financial services, the automobile industry, and the mining sector. In collaboration with multi-stakeholder working groups, the range of sectors in the product portfolio will be expanded over the coming years. Depth to the Guidelines will also be added with further work on indicator definitions and measurement protocols.

As the GRI reporting framework expands, it has become clear that a more simplified user-friendly version of the Guidelines is required for small and medium-sized enterprises and the non-profit sector. The 57 performance indicators in the core Guidelines can be intimidating for smaller organisations that do not have extensive corporate resources. GRI has recognised that for universal application, a range of products customised for specific reporting circumstances is required.

In the borderless world of corporate activity a further challenge for GRI lies in clarifying the boundaries of enterprises for reporting purposes.

Significant questions remain as to how far up the supply chain and out via the activities of customers and clients should be included within the jurisdiction of the reporting entity.

Underlying GRI's continued development will be a strict adherence to its principles of operation: inclusiveness, transparency, independence, balance of influence, accountability, adaptability, and technical excellence

The reliability of sustainability reports is critical to the degree of public trust and confidence placed in them. GRI has recognised from the beginning that a process of compliance monitoring, of independent verification or assurance, is essential for the credibility of the reporting process. In parallel with work on the Guidelines the Verification Working Group has produced draft guidance for the assurance of reports. This guidance will continue to be refined as experience is gained through application.

Honouring the underlying principles

As information rapidly becomes the universal currency of the new century, the demand for transparency and disclosure in all facets of society increases. Too often where information is withheld, incorrect assumptions are made and take on a life of their own

resulting in needless and often irretrievable damage to reputation. In several circles the culture of non-disclosure is being seriously challenged. The GRI Sustainability Reporting Guidelines is meeting that challenge with a cost-effective, reliable mechanism to gain trust and manage risk to reputations, which is, in the end, an organisation's most precious asset.

As the world becomes more transparent, GRI strives to continually improve its products and processes through interaction with all interested stakeholders. Underlying GRI's continued development will be a strict adherence to its principles of operation: inclusiveness, transparency, independence, balance of influence, accountability, adaptability, and technical excellence.

ABOUT THE AUTHOR

Judy Henderson is Chair of the Global Reporting Initiative. She was a Commissioner on the World Commission on Dams, a former Chair of Oxfam International and a past Chair of Australian Ethical Investment Ltd.

Mark Brownlie directs communications at the Global Reporting Initiative. He has worked extensively in the fields of environmental assessment, management, communications, indicators and public reporting.

ENQUIRIES

Mark Brownlie
Global Reporting Initiative
11 Arlington Street
5th Floor
Boston
MA 02116
USA

Tel: +1 (617) 266 9384
Fax: +1 (617) 267 5400
E-mail: brownlie@globalreporting.org
Web site: www.globalreporting.org