

A row of white wind turbines in a field under a clear blue sky. The turbines are arranged in a line, receding into the distance. The foreground is a dry, golden-brown field. The sky is a deep, clear blue.

A new phase: the growth of sustainability reporting

GRI's Year in Review

2010/11





GRI's Vision

A sustainable global economy where organizations manage their economic, environmental, social and governance performance and impacts responsibly and report transparently.

Several governments support GRI in its activities to promote sustainability reporting. In 2010/11 GRI received financial support from the Swedish International Development Cooperation Agency (SIDA), the Netherlands Ministry of Foreign Affairs, the Norwegian Ministry of Foreign Affairs (MFA), and the Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ). GRI thanks its institutional donors for their support.

GRI's Mission

To make sustainability reporting standard practice by providing guidance and support to organizations.

GRI's Year in Review 2010/11 covers the period 1 July 2010 to 30 June 2011. It is available on the GRI website at www.globalreporting.org. The Year in Review can be read alongside GRI's Sustainability Report. The Global Reporting Initiative Sustainability Report 2009/10 is available to download at www.globalreporting.org. The Sustainability Report for 2010/11 will be available in early 2012.

INTRODUCTION FROM THE CHIEF EXECUTIVE

Sustainability reporting: The start of a new era

Welcome to GRI's Year in Review 2010/11, a story of champions in a crisis.

This has been a challenging year, financially, environmentally and socially. As it recovers from a major financial crisis, the world is experiencing a growing sustainability crisis. By the end of October 2011, the world's population reached seven billion. Population growth will magnify the already unsustainable use of the planet: climate change and resource scarcity will be serious issues in the medium and long term for companies and other organizations worldwide. The recent financial crisis provoked new and renewed concerns over companies' "license to operate", underlining the importance of transparency over social and environmental impacts. Sustainability reporting offers an important means to respond – one that is needed now more than ever.

Organizational transparency worldwide is improving – the practice of sustainability reporting is growing fast. Many companies and other organizations are leading this rapid development of sustainability reporting, a practice that is emerging from its pioneering phase and growing into mainstream practice. As companies take a leading role in paving the way to a sustainable global economy, sustainability reporting enables them to measure, monitor and improve their performance.

There is growth in the number of companies reporting their sustainability performance around the world – the Shanghai Stock Exchange, one of many stock exchanges that recommend reporting, now sees 700 sustainability reports every year. Regulators are starting to talk about sustainability disclosures, and there is a growing list of national policies referring to reporting, from Denmark, Sweden, Spain and France to India, South Africa, China and Canada.

GRI's progress is a consequence of the energy, expertise and experience of those who make up the network. GRI provides a collective space for people to promote the sustainability reporting agenda worldwide, and 2010/11 featured many success stories resulting from the effort of this network. GRI is fortunate to be able to connect and convene thousands of people that are committed to driving change: organizations that produce sustainability reports, users of sustainability reports, and experts from business, civil society, auditing, consultancy, and academia.

This Year in Review highlights the stories of champions in the network, and the new audiences and motive forces behind sustainability reporting. The new audiences are more diverse than they were before. Mainstream investors are starting to ask for sustainability performance data, governments are considering regulation, and people on the street are noticing the increasing communication around how organizations affect people and the planet.

All these people have a common stake in organizational transparency – they are the world's institutional investors, the world's consumers and the world's voters. All organizations have a responsibility to provide data on their long-term performance, and sustainability reporting is an essential component for doing so.

A sustainable global economy counts on the financial community taking account of how companies generate value and manage risk. In a market where the value of companies' physical and financial assets typically accounts for less than half of their total value, sustainability reporting is a necessary complement to financial reporting. Financial institutions therefore have a direct interest in propagating demands for, and use of, sustainability information, and helping to make reporting standard practice. This group is increasingly engaged with sustainability reporting and the GRI network, and this report points to some of the major developments.

This report also highlights the contribution GRI's network is making to sustainable development worldwide. A big part of GRI's activity and future focus is in developing countries. This is where sustainability reporting and sustainable development matter most – where there is the biggest population growth, and the worst environmental and economic conditions.

GRI is convening people across the globe in a web-like way to promote sustainability reporting and contribute to sustainable development. With staff on the ground in Australia, Brazil, China, India and the USA, and Certified Training Partners around the world, the GRI network is raising awareness and building capacity more than ever before.

The world is entering a new phase in transparency. GRI and its network have worked towards reliable, globally accepted guidance for sustainability reporting. As GRI embarks on a major project to develop the fourth

generation of Sustainability Reporting Guidelines - G4 - it moves from the experimental and development phase into one of mainstreaming.

In this reporting period, GRI updated its vision and mission to reflect advances in the field of reporting, and GRI's position in that field. Great strides have been taken this year to achieve more reports and better reporting, and now is the time to focus efforts on making sustainability reporting standard practice.

Thanks are due to all those who have contributed to this year's advances. These are exciting times, and they are just beginning. If you find the possibilities of change as stimulating as I do, you are warmly invited to work with the network of experts, enthusiasts and opinion formers that make GRI's activity so dynamic and purposeful - and so help companies, markets and society plot their course to a sustainable future.



Ernst Ligteringen,
Chief Executive,
the Global Reporting Initiative

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GRI reporting: continuous growth



GRI's data on reporting covers the calendar year 2010.

From 1 January to 31 December 2010, the number of sustainability reports registered on the GRI Reports List increased by 22 percent.

The Reports List is an online database that tracks all GRI-based reports that GRI is aware of, and that contain a GRI Content Index. While the List does not include the thousands more reports that follow GRI's guidance, it does reflect wider trends in sustainability reporting. It is available at www.globalreporting.org.

The number of sustainability reports has increased every year since GRI began publishing its guidance, with the most notable increase in this time frame occurring in developing countries.

Organizations worldwide are increasingly integrating sustainability into their overall strategy to ensure they operate responsibly and sustainably. 62 percent of the companies surveyed in a 2011 KPMG report have sustainability strategies in place, compared to just over half

in 2008. Similarly, a recent McKinsey survey also suggests an increasing interest in sustainability: more than 50 percent of executives surveyed consider sustainability 'very' or 'extremely' important in a wide range of areas, including overall corporate strategy.

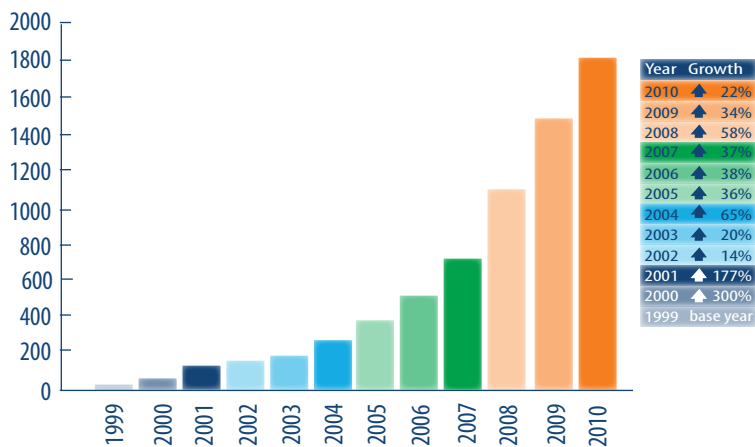
The change in the number of reports being produced tells the same story. Thousands of organizations worldwide now produce sustainability reports. KPMG research shows that in 2008 nearly 80 percent of the largest 250 companies worldwide issued sustainability reports, up from around 50 percent in 2005. An update of this research is due to be published in late 2011, and is likely to show yet another increase.

Statistics from GRI also reflect this upwards trend in sustainability reporting. GRI collates reports that include a GRI Content Index in the GRI Reports List. From 1 January to 31 December 2010, the number of sustainability reports registered on the GRI Reports List increased by 22 percent.

The largest growth by location was in Brazil, with a 68 percent increase in registered reports compared to 2009. Switzerland recorded the biggest increase in Europe (56 percent), Canada the biggest in North America (53 percent), and China the biggest in Asia (9 percent). South Africa remained the major reporting country in Africa; 52 of 54 African reports were from South Africa.

The number of reporters grew; the comprehensive use of GRI's Reporting Guidelines was also notable. GRI's Application Level Check service determines the extent of use of GRI's Guidelines. In 2010 the proportion of reports checked by GRI remained the same, at 33 percent: In 2009, 372 reports were checked, increasing to 460 in 2010. 20 percent of the registered reports were confirmed as Application Level A+; reports that address the highest number of GRI Performance Indicators and Standard Disclosures, and that have received external verification.

While reporting by small to medium sized enterprises continues to increase dramatically, 84 percent of the reports came from large companies, and more than half from publicly listed companies. Reporting by sector leaders – many of them multi- and transnationals with extensive supply chains, including in developing countries – is one of the most effective communicators of reporting's value. It encourages more organizations to report: Reporting from developing countries themselves increased by 29 percent, representing 21 percent of all registered reports.



The data points on GRI's Reports List were expanded in scope from January 2011. Reporting information can now be filtered by the size and type of organization, by listed or non-listed companies, and by official Organisation for Economic Cooperation and Development (OECD) categories: by OECD and non-OECD, and by Least Developed, Other Low Income, and Lower Middle Income countries. GRI's goal to harmonize and align its reporting guidance with other frameworks is now monitored in the Reports List by linking reports to other initiatives – the instruments of the United Nations Global Compact (UNGC), the Carbon Disclosure Project (CDP), the International Organization for Standardization (ISO), the International Finance Corporation (IFC) and the OECD.

The Reports List also highlighted the increasing number of organizations that call their reports 'integrated reports'. Integrated reporting – already a high profile development – aims to provide more comprehensive information about organizational performance by combining financial reporting with analysis of the social, environmental and economic context in which a company operates (*see page 50 to read about GRI's work in this area*).

For reporting to be effective, the need for comparability – international, sectoral and organizational – must be balanced with the flexibility to address specific issues in specific places. Sustainability reporting is increasing in most parts of the world, but its focus and application can differ between countries and regions. 2010 provided more examples of this geographic variation, for example in respect to assurance.

GRI recommends that sustainability reports are externally assured. In 2010, almost half of the reports in the Reports List were assured, increasing to 47 percent compared to 45 percent in 2009.

But use of assurance varies.

The proportion of assured GRI sustainability reports in Australia was higher than the global average. Figures from the [Reports List](#) showed that while the number of sustainability reports registered by companies in Australia decreased by nine percent, more than half of the reports were externally assured, helping to ensure that their data is meaningful and accurate.

Companies in the US were less likely to have their sustainability

performance data checked than those in other countries: assured reports from the USA represented just three percent of the total number of assured reports worldwide. The figures can be interpreted as representing a general reticence in US companies to set precedent in the area of voluntary reporting. The number of organizations disclosing sustainability performance in some form is rapidly increasing, but there is less willingness to have the data checked by a third party. As sustainability data is increasingly in demand – from investors, regulators and customers – organizations should realize the importance of verifying their statements, especially given the increasing interest in these issues from large corporate customers, institutional investors and government agencies.

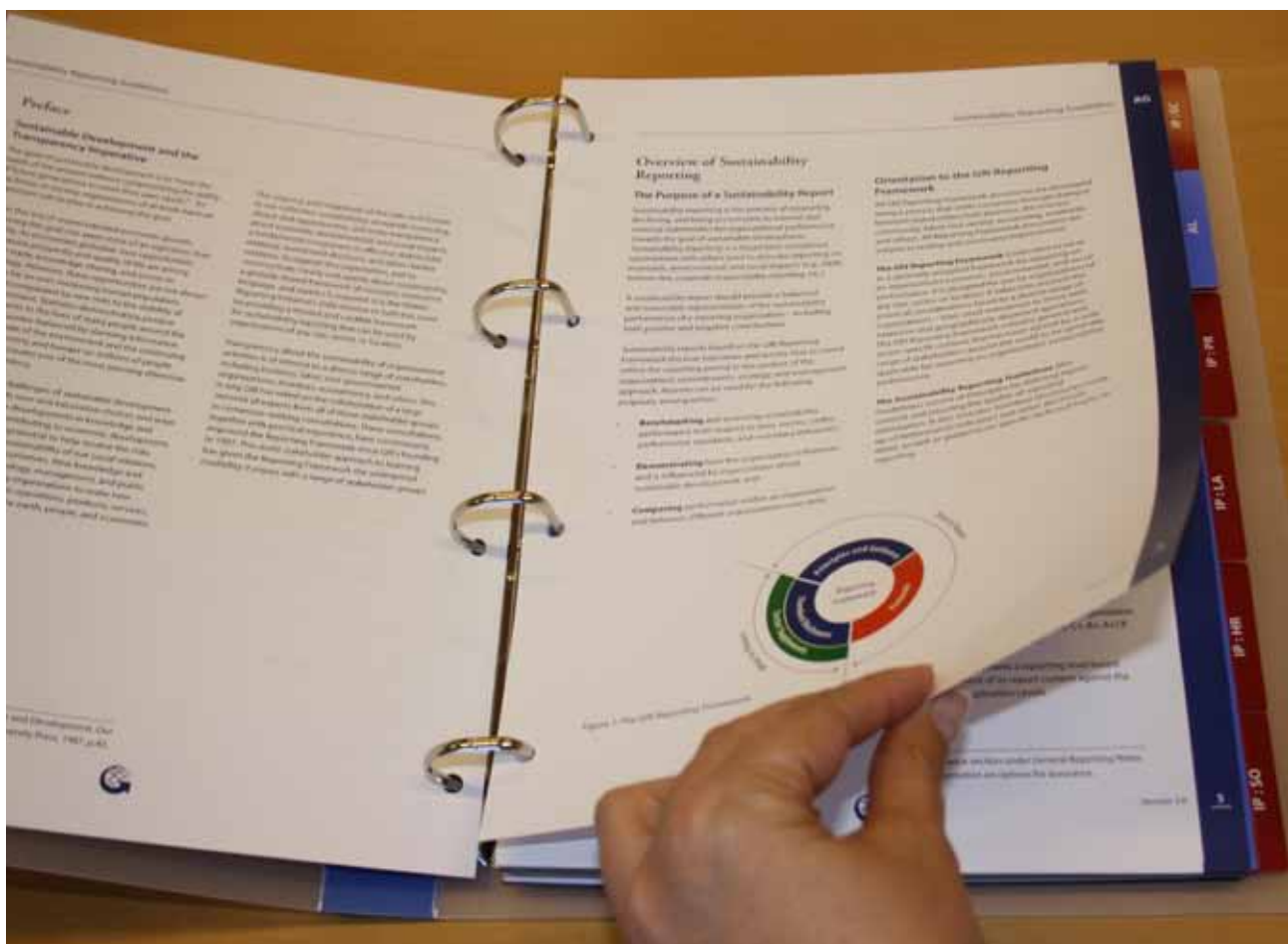
The Reports List profiled India as the country with the most comprehensive use of GRI's Guidelines. Application Level checks confirmed that 78 percent of GRI sustainability reports from India covered the maximum amount of Standard Disclosures and were externally assured, compared to just 24 percent globally.

Uptake of reporting is also increasing as a consequence of tailored guidance for sectors. 2010 saw the publication of GRI's Mining and Metals, Food Processing and NGO Sector Supplements, with the Airport Operators Supplement following in May 2011. By covering sector-specific issues, reporting is made more meaningful and relevant. All of the published Supplements feature guidance on issues that are topical in developing countries. This is especially true of the Mining and Metals Supplement; with more mining operations based in developing countries than others, the Supplement intrinsically addresses a range of issues of extreme importance in such countries.

Companies in the financial services sector registered the largest number of reports in 2010. The energy, energy utilities, and food and beverage sectors were the next most represented industries. The use of sustainability reporting to compare and improve sectors is suggestive of how sectoral behavior may be changing in the transition to more sustainable practices. Previous competitors now collaborate; technology that was once proprietary is shared to make a sector itself more competitive. One example of this is the Canadian government's convening of its seven

oil sands companies to share technology that makes the production of synthetic crude oil less harmful to the environment.

To summarize, GRI's reports data suggests that more and more companies and organizations recognize sustainability reporting's value. But growth in reporting remains linear. The challenge is to promote exponential growth, and so draw a line under the developmental phase of sustainability reporting and usher in a new era – with sustainability reporting as a mainstream business activity.





Developing guidance for the world

Sustainability metrics and performance indicators need to improve for sustainability reporting to take its place as a mainstream business activity. This year, thanks to the commitment of experts from around the world, GRI has been working on the continuous development of its Sustainability Reporting Framework.

In 2010/11, GRI launched updates to the Reporting Guidelines – G3.1 – and released sector guidance for the Airport Operators sector. GRI also started work on the next generation of Sustainability Reporting Guidelines – G4.

G3.1 – updated guidance on gender, human rights and local communities

In March 2011, GRI published an update of the third generation of Reporting Guidelines. G3.1 contains additional guidance on gender, human rights and local communities. Indicators were amended to reflect these important issues, which are often overlooked in sustainability reporting, and to reflect the latest international developments (see page 30). Organizations' performance in these areas is particularly relevant in developing countries. Specific reference to this was made in G3.1. In relation to local communities, for example, three

new Performance Indicators cover significant negative impacts on communities, mitigation, and local community engagement.

The issues covered in G3.1 are also relevant for large multi- and transnational companies that operate in developing countries. But while operations in these countries can result in negative impacts such as population displacement, they can also result in the creation of a vibrant local economy and increased access to health care, education and services. This emphasizes that positive and negative sustainability information can be captured in reports; organizations are in fact encouraged to reveal what they consider their positive impacts.

The *Technical Protocol – Applying the Report Content Principles* was released at the same time as G3.1, and provides additional guidance on deciding material topics

for reporting. The Materiality Principle, devised originally for reporting purposes, is now applied to strategy by many companies, emphasizing how an effective sustainability reporting cycle can and should influence strategy.

The Materiality Principle, first defined in the G3 Guidelines in 2006, is also an example of a key element of GRI's guidance that was driven by public comment. While the conversation continues about materiality - often contrasted with an approach to reporting based on a standard set of indicators - the wide dissemination of the term in a company context is a gratifying return on the efforts of GRI's network.

Sector Supplements – addressing sector-specific issues

Companies in different sectors can face unique issues that are not the focus of GRI's Sustainability Reporting Guidelines. In the last reporting period, GRI launched guidance for NGOs and the mining and metals sector, which is particularly relevant for developing countries. These Sector Supplements have been used by many organizations and companies worldwide: In 2010, members of the International Council on Mining and Metals (ICMM) reported their sustainability performance following the Mining and Metals Sector Supplement.

In June 2011, GRI launched its Airport Operators Sector Supplement. The Supplement includes new guidance on reporting emissions, effluents and waste, business planning and emergency preparedness. It also focuses on the issue of noise – and how it is measured – and human trafficking.

Maaïke Fleur, Senior Manager – Reporting Framework at GRI, explained the importance of sustainability to the sector. "Airports face many different sustainability challenges compared to other sectors, including noise, human trafficking and wildlife strikes. The new guidance will help airports monitor their performance in these areas, so they can try to operate more sustainably."

Tim Johnson, Director at the Aviation Environment Federation, and part of the Supplement Working Group, explains the noise issue. "Aircraft noise is high on the environmental agenda for most airport operators and their surrounding populations. Managing the expectations of local communities can be a challenge, but measurement and communication are an essential starting point for effective stakeholder relations."

According to Majidah Hashim, Senior Executive at Malaysia Airports Holdings Berhad and member of the Working Group, airports are not just about travelling. "Whether you

have a large international market or are just catering to community needs, airports today are in one of the most strategic positions to champion sustainability among travelers and locals alike. We need to realize that the impact of airport operations ranges beyond just runways and terminal buildings, but can even span to create and shape whole airport cities."

Linking with leaders

In cooperation with its partners, GRI published two linkage documents in 2010/11. While not part of the Sustainability Reporting Framework, linkage documents help organizations to combine the use of high quality reporting guidance in a thorough and user-friendly way. Such harmonization is essential as reporting guidance and requirements increase.

GRI and ISO 26000: How to use the GRI Guidelines in conjunction with ISO 26000

The first ever ISO Guidance Standard on Social Responsibility, ISO 26000, was published in November 2010. The standard emphasizes the value of public reporting on social responsibility performance to internal and external stakeholders, such as employees, local communities, investors and regulators. This represents an important new level of international attention to the issue of reporting, and is aligned with GRI's mission that disclosure on economic, environmental, social and governance performance becomes standard practice. The linkage document facilitates effective reporting with both instruments.

Linking GRI and CDP: How are the Global Reporting Initiative Guidelines and the Carbon Disclosure Project questions aligned?

Spotlighting the synergies between GRI's Reporting Guidelines and CDP's Questionnaire, this linkage document was the result of a collaborative effort to outline how reporters can efficiently use or adapt the same data in both reporting processes.

G4 – for mainstream reporting

Sustainability reporting is now entering a new phase: moving towards mainstreaming. As the GRI network promotes reporting around the world, GRI has just begun work on the next generation of its Sustainability Reporting Guidelines – G4 – which will be fit for mainstream use. The G4 project, which was launched in May 2011, is part of GRI's commitment to continuous development of its Guidelines.

The Guidelines' development is influenced by changes in the reporting field, such as the introduction of new concepts, trends and tools, and requests by new players. By developing guidance, GRI aims to promote and direct sustainability reporting towards a sustainable global economy.

The G4 Guidelines will aim to:

- Support mainstreaming of sustainability reporting
- Reflect new and emerging issues
- Improve the precision of technical definitions
- Provide guidance on integrated reporting
- Harmonize with other frameworks
- Be user friendly for reporters and information users

G4 will be published in 2013. It will be developed using GRI's multi-stakeholder international consultation process. Public consultation periods, diverse expert Working Groups and GRI's approval procedures will ensure that G4's guidance reflects the broadest possible stakeholder input.

The early phase of G4's development highlights the multi-stakeholder approach that characterizes GRI's guidance. Towards the end of this reporting period, GRI worked on three tasks in the G4 project:

- Primer surveys
- Call for new sustainability reporting topics
- Registration for first Public Comment Period

GRI launched Primer Surveys for Organizational Stakeholders, reporters and other groups to gather views on G4's potential structure and content.

Alongside this, a public "call for sustainability reporting topics" was held in May and June 2011 to collect input on what new issues should be covered in G4. GRI's network recognizes that the sustainability agenda has changed since G3 was launched in 2006, and that companies are facing new challenges, which have changed the reporting process.

GRI also asked individuals and organizations to register their interest in taking part in the first G4 Public Comment Period. The Call for Registrants provided GRI with a mechanism to ensure that stakeholder responses from developing countries were both monitored and encouraged. As such an integral part of GRI's network, it was considered vital that experts from developing countries were well represented in the early interactions around G4's content and structure.

The next phase in G4's development is a 90-day international Public Comment Period, from August to November 2011. For this first Public Comment Period, events and workshops will be held in countries around the world, potentially including those where there is a GRI Focal Point – Australia, Brazil, China, India and the USA.

The feedback from the Public Comment Period will be analyzed and used in defining scope and recruiting Working Group members. The Working Groups will develop a first draft of G4, which will be available for public comment in 2012. G4's final draft will be influenced by the results of this international public consultation. The final draft will be ready for approval by GRI's governance bodies in late 2012, before the planned launch in May 2013.



Photo by Barbara Kokoszka

G3.1, HUMAN RIGHTS, AND THE RUGGIE FRAMEWORK

In March 2011, UN Special Representative Professor John Ruggie presented the finalized Guiding Principles on Business and Human Rights. The Guiding Principles offer guidance on implementing the UN 'Protect, Respect and Remedy' Framework developed by Ruggie in collaboration with hundreds of individuals, groups and institutions.

That same month, GRI published the G3.1 Guidelines. Their new and expanded guidance on reporting human rights performance aligns with Ruggie's work. Much of G3.1's human rights-related content is designed to capture performance around the main building blocks of the 'Protect, Respect and Remedy' Framework – assessment, remediation, and the newly defined parameters for human rights due diligence in companies.

The new content in the various categories of Disclosure on Management Approach focuses on the existence of demonstrable management systems for human rights impacts. Disclosure on the implementation of due diligence processes is requested. Companies are asked how they prioritize human rights, how policy is applied in terms of location and business partners, and how human rights policy is extended and embedded across the company.

A major addition to the Guidelines' nine existing human rights Performance Indicators is the insertion of 'significant

suppliers' to the scope of company's disclosure; how contracts are assessed and suppliers screened, and where suppliers may be violating the right to exercise freedom of association, or implicated in child labor. The focus on value chain is a strong trend in sustainability reporting; GRI has a program in place to train multinationals in sustainable supply chains. Companies with great reporting practice and widely admired sustainability performance can still find serious impacts distant from their own operations.

In line with the Guiding Principles, G3.1's two new human rights Indicators relate to Assessment and Remediation. One Indicator seeks disclosure about human rights reviews and impact assessments. The other requests disclosure of the number of grievances filed, addressed, and resolved through formal grievance mechanisms. The Indicator presents an opportunity to focus on the company's boundary of influence. Asking companies to reveal how often they were complained against is the first step.

These and many other additions reflect Ruggie's work and the latest international developments. Organizations reporting fully against the Guidelines will now commit to more analysis and more tracking of their top-down approach to human rights, and examine their grievance and remediation performance. GRI is committed to the continuous improvement of its Guidelines and will continue to offer human rights guidance, raising the profile of human rights in the sustainability field and organizational reporting.



Photo by Misa Irodia



The Year in Review, part one.

Sustainability information where it matters most: New audiences for sustainability reporting

An introduction by Marjella Alma, Manager – Report Services, Global Reporting Initiative



More than ever before, this year can be marked as the period in which important new audiences started engaging with sustainability reporting. The resulting increase in demand for sustainability information made organizations that report realize that sustainability reporting has been truly established. Financial market players and governmental institutions that have entered the stage are those with the power and authority to change the sustainability reporting agenda fundamentally. Markets have demanded sustainability data more heavily, and governments have been on the lookout for reporting standards – GRI was there to provide the framework.

These developments show that the number of organizations reporting using the GRI Guidelines is not the only factor for measuring the success of GRI. Over the past year, many different players have used the Reporting Framework to work towards GRI's mission to mainstream sustainability reporting. Accountancy firms used the framework as the basis for performing audits on sustainability reports. Stock exchanges referred to following the GRI Guidelines as 'good practice behavior' for listed companies. Researchers and analysts used the GRI Guidelines as a lens to assess pieces of information regarding environmental, social and governance (ESG)



performance, and governments referred in concrete terms to GRI's Guidelines as the preferred reporting framework for sustainability disclosure.

In order to understand better what type of data investors and research firms were really looking for and at, GRI set up a survey with Accounting for Sustainability (A4S) and Radley Yeldar. The survey intended to inform the International Integrated Reporting Committee (IIRC), and results are due to be published in late 2011. Mainstream [data provider Bloomberg](#) saw the growing demand for sustainability information as a business opportunity and

expanded their ESG data analysis, to a large extent based on the GRI Guidelines, in their databases and on their 350,000 terminals worldwide.

This period also saw the rise of two watchdogs trying to pinpoint the weaknesses and improve the value of sustainability ratings. SustainAbility completed its four-part analysis 'Rate The Raters' and June 2011 saw the inception of the [Global Initiative for Sustainability Ratings](#). Combined, both initiatives stress the importance of transparency and credibility within the sustainability ratings industry. Allen White, Tellus Institute Senior Fellow, said that "GRI disclosures contribute to consistency across raters, and GISR is privileged to count GRI as its first 'Collaborating Organization,' a relationship that will ensure maximum harmonization of GRI principles and disclosures with GISR's principles and ratings methods."

Although many sustainability Indices have been developed by stock exchanges in OECD countries, most interestingly the majority of new entrants were from emerging markets such as China, Brazil, Egypt, the Republic of Korea and Indonesia. In 2010, the Johannesburg Stock Exchange encouraged companies to report in line with the GRI Guidelines. Also, the Singapore Stock Exchange (SGX) issued a reporting [guide](#) recommending the GRI Guidelines for reporting.

With 22 percent more sustainability reports being registered on the GRI Reports List in 2010 compared to 2009, and many other stakeholders preparing to integrate sustainability in their strategy and transparency in their operations, this year has been a turning point, marking a new phase in sustainability reporting.

Sustainability under management

Investors are looking at sustainability data in bigger numbers than ever before: sustainability performance information is now available on some 350,000 Bloomberg terminals worldwide. A field that was once the preserve of sustainability and CSR professionals, and socially responsible investors, is becoming a focus of more traditional investment firms.



Increasingly, investors are realizing that they need sustainability data in order to make informed decisions. Financial information alone cannot communicate the true value of a company, and can even mislead regarding its prospects and long term growth.

Moreover, integrated reporting – the combined analysis of an organization's financial and non-financial results, with the latter provided by agreed sustainability disclosure metrics – is a recently developed concept that has attracted wide buy-in from the financial community. In August 2010, GRI co-convened the International Integrated Reporting Committee (IIRC), which is tasked with developing an agreed framework for integrated reporting.

Decision making based on short term profit is widely implicated in the recent financial crisis - the worst the world has seen since the 1930s. According to the IIRC, "The crisis has demonstrated the need for capital market decision-making to reflect long-term considerations, and has called into question the extent to which corporate reporting disclosures, as they exist today, highlight systematic risks to business sufficiently." The IIRC aims for integrated reporting to help companies integrate sustainability into their decisions, and enable investors to understand how an organization is really performing.

Further evidence for investor interest is provided by the signatories for several major initiatives:

- United Nations Principles for Responsible Investment: 800+ signatories, \$22 trillion in investment capital
- Investor Network on Climate Risk (INCR): 90+ members, \$9 trillion
- Carbon Disclosure Project: 50 purchasing organizations and 551 institutional investors, holding US\$71 trillion in assets under management
- Institutional Investors Group on Climate Change (IIGCC): 70+ members, \$6 trillion
- Interfaith Center on Corporate Responsibility (ICCR): 300 members, \$100 billion

GRI supports investors in their quest for information by providing agreed metrics for sustainability disclosure, enabling the communication of benchmarkable data. In 2010/11, GRI also conducted important research into how the investment community's interest is growing. The Investor Community Survey aimed to increase understanding of how the investor and analyst communities use non-financial data in their decision making.

The short questionnaire, developed by GRI, The Prince's [Accounting for Sustainability Project \(A4S\)](#) and [Radley Yeldar](#), was designed to explore how different types and sources of information affect the views and behavior of investors. It also focused on which sources are used for information gathering, and which are seen as most valuable by these communities when analyzing trends and making investment decisions. The survey posed forward-looking questions to help determine which developments are necessary in order to enhance the usefulness and accessibility of data.

Information: A critical mass for markets

Sustainability reporting is close to a tipping point: instead of those companies that report being asked why, those that do not must explain why not. Investors and financial markets need to look at sustainability performance data if they are to have an idea of the long-term health and viability of a company. For this to be successful, a critical mass of information has to be available, for benchmarking and analysis.



GRI kick-started the development of a new database for sustainability reports in 2011, in partnership with KPMG. The new database, due to launch in late 2011, will be an updated and more advanced version of the current [GRI Reports List](#), featuring an intelligent search functionality to compare and contrast data from sustainability reports around the globe.

José Luis Blasco Vázquez, Partner in charge of Climate Change and Sustainability Services at KPMG for EMA region, said of the project: "Today a significant percentage of the hundred largest asset managers in the world take into account non-financial criteria when building investment portfolios. Markets need this information to be as robust and comparable as financial information, allowing investors to determine whether companies are ready to face the business challenges of the 21st century. We may be witnessing the most important transformation with respect to corporate transparency and disclosure that companies have had to face in recent decades."

Raters researched

The quality of sustainability analysis by ratings agencies was put under a microscope in 2010/11, as the relevance of long-term sustainability impacts to investment decisions increased. Ultimately the aim of ratings is to steer capital towards more sustainable companies. The quality of ratings is considered more important than ever as they serve as key determinants for judging corporate sustainability performance.



Two developments illustrated the pressing need for determining the value of ratings: the [Global Initiative for Sustainability Ratings](#) (GISR), launched in June 2011, and the outcomes of SustainAbility's [Rate the Raters](#) research, published in July 2011. GRI was involved in both initiatives, with GRI's Deputy Chief Executive Nelmara Arbex taking part in the steering committee of GISR, and GRI's Focal Point USA Director Mike Wallace on the advisory panel of Rate the Raters.

SustainAbility launched Rate the Raters in May 2010. The research project aimed to better understand, and improve, the current set of ratings. Although the recent proliferation of ratings has led to confusion, it is a clear sign of environmental, social and governance (ESG) analysis moving towards mainstream practice. Out of an

inventory of over 100 ratings, 21 were studied in detail. The research suggests that the ideal model would be one in which companies and data compilers disclose and collect sustainability performance using accepted frameworks such as those of GRI and CDP. It also examined which research firms and raters analyze these inputs and develop ratings based on these frameworks, and how investors and consumers make decisions based on these ratings.

The project concluded that ESG research should be more predictive and flexible in nature: designed as evaluating material sustainability issues broken down by sectors, instead of long-lists of sustainability topics. In order to rebuild trust, the research also concludes that raters need to be transparent on their methodologies.



GRI IN THE USA



Sustainability has been of growing interest in the United States, with increasing numbers of companies and organizations monitoring their sustainability performance and reporting on their impacts. In 2010/11, GRI responded to this acceleration in reporting by establishing regional representation in New York – GRI's Focal Point USA.

The Focal Point aims to boost the number of US companies reporting on sustainability in a consistent manner, to improve the quality of those reports, and to increase US organizations' input into developing new guidelines for sustainability reporting.

The 'Big Four' accounting and professional services firms in the United States – Deloitte, Ernst & Young LLP, KPMG and PwC U.S. – agreed to provide donations to sponsor GRI's new Focal Point USA for the first two years.

In addition, The Conference Board agreed to host the Focal Point USA. The Conference Board has The Center for Sustainability and sees its relationship with GRI as an asset

to the Center's objective of helping make sustainability integral to core business strategies.

In 2010/11, GRI engaged more closely with US companies, financial institutions, leading business associations, investors and government agencies to examine ways to better integrate sustainability into business strategies and increase the availability of performance data.

With staff on the ground led by Director Mike Wallace, GRI is better able to support companies producing sustainability reports in the United States, by helping identify best practices tailored to US companies' needs while connecting US organizations with the global GRI network. Here Wallace talks about sustainability in the USA, the work of the Focal Point, and what's ahead for sustainability reporting.

You're now settled in New York – how is it going?

This has been an incredibly exciting year for GRI in the US. We set up quickly and really hit the ground running due to the launch of our US presence at the NYSE Euronext. There are a tremendous number of companies and organizations interested in reporting and GRI's presence here quickly helps them understand the global and local relevance, credibility and reliability that GRI reporting provides. The response has been amazing, and I think it will have a big effect on the number of reports we see being registered on the GRI Reports List over the next few years.

What are the big trends at the moment?

One big change has been in sustainability reporting grabbing the attention of the financial markets. Banks and other financial institutions are already engaging with sustainability and reporting in a big way – GRI's Financial Services Sector Supplement is the most widely used GRI sector guidance – but new players are now joining the game. The Focal Point USA was launched with an event at the New York Stock Exchange. NYSE is taking these issues seriously and demonstrating leadership, and are leading by example with the recent release of their second GRI report.

What is happening in Washington?

The US government is engaging with sustainability reporting in a variety of ways. The US Postal Service and US Army have been leading in GRI reporting in the USA for several years. Other institutions like the National Renewable Energy Laboratory (NREL), National Institute of Environmental Health Sciences (NIEHS) have also recently published GRI reports. Even three US airports under

the jurisdiction of the Federal Aviation Administration (FAA) – Denver, Portland and San Diego – were part of the Working Group that created the Airport Operators Sector Supplement. More recently, the Tennessee Valley Authority (TVA) and General Services Administration (GSA) have started to look at sustainability and work on disclosure and transparency.

More generally, GRI's Reports List reflects an upwards trend in sustainability reporting in the US. There was an increase of 28 percent in the number of GRI reports in 2010, rising from 140 in 2009 to 180 in 2010. But the List also suggests that companies in the US are less likely to have their sustainability performance data checked than those in other countries – the number of assured GRI sustainability reports from the US accounts for just three percent of total US reports.

These figures reflect a general reticence in US companies to set precedent in the area of voluntary reporting. The number of organizations disclosing sustainability performance in some form is rapidly increasing, but the willingness to cite the GRI Guidelines or have the data checked by a third party is lagging behind most other countries.

How is the Focal Point making a difference?

At the Focal Point USA, we are working with the Big Four accounting firms to boost reliability and robustness in US reporting. As sustainability data is increasingly in demand – from investors, regulators and customers – organizations will increasingly realize the importance of verifying their statements. The quality of reports is already evolving and improving.

The Focal Point is also developing relationships with different associations, which provides a unique multiplier effect for awareness and practice of sustainability reporting: the National Association of Environmental Managers has a membership of mid-level and senior environmental management leaders from more than 800 national and multi-national companies, including the majority of the Fortune 500; the American Society of Safety Engineers (ASSE) has 34,000 members; and the U.S. Green Building Council's community includes 78 local affiliates, nearly 16,000 member companies and organizations, and more than 170,000 LEED Professional Credential holders. By enrolling these and other associations in GRI's Organizational Stakeholder Program, GRI can reach an exponentially bigger audience, encouraging even more organizations to report. In addition, professional associations such as The National Association of Corporate Directors (NACD), which has more than 10,000 corporate board members, and the National Investor Relations Institute (NIRI), are featuring GRI and GRI reporters in their publications and local and national events.

What's next?

We expect to see an increase in the number of reports assured in next year's statistics, especially given the increasing interest in these issues from stakeholders including large corporations, institutional investors and government agencies. GRI will continue to work with the Big Four and financial markets, and we plan to have more events with the New York Stock Exchange. Focal Point USA is going from strength to strength already at this early stage – the sky's the limit!

Software for hard facts

The digital age is bringing the sustainability performance of organizations closer to their stakeholders worldwide. With advances in online formats, software for data collection and digital reporting, the world of sustainability performance is getting smaller.



PDFs, mini-sites, HTML, XBRL, Tweets, RSS feeds and Google are all changing what it means to produce and communicate a sustainability report. GRI is working closely with its network to make sure organizations have guidance and support to help them report today and tomorrow.

Most organizations use some form of software to collate data and report, from simple spreadsheets to multi-platform online systems. To support these reporters, GRI launched its Certified Software and Tools Program in 2009. Software developers aim to help their customers by providing programs that help them collect, compile and report sustainability performance data. The Certified Software and Tools Program verifies the accuracy of GRI copyrighted material – such as Performance Indicators and Disclosures on Management Approach – in software. The Program has been a success so far, with 12 tools being Certified by 30 June 2011.

According to PE International, one of GRI's Certified Software Providers, including GRI content in their software was important for their customers. "GRI is *the* framework for sustainability reporting. We feel the framework is essential – a quasi-standard. We see that clients are not just asking to do a GRI report, they need information in a format they can present to anyone. It's not just about the reporting – it's about measuring and improving performance."

Another GRI Certified Software Provider, S2D2, provides standalone web-based solutions for GRI reporting. "We have known GRI for a while, but had to ask what would make the most sense for our customers. GRI provides the most widely used framework, and GRI reporting gives a high-level while comprehensive vision of a situation for management and stakeholders. It also has international reach – this is a global market, and our customers, SMBs and Enterprises, can embrace a large number of stakeholders' expectations in an efficient way with GRI."

The Certified tools, currently available in English and French, can be applied globally and help companies in the reporting process.

The proportion of companies that use software to monitor their sustainability performance increased by 50 percent between 2006 and 2010, according to the results of an international survey announced by GRI in January 2011. For GRI, this means that guidance for people producing sustainability reports should be kept up to date with emerging trends in software use and digital reporting.

There are many software options for a company wanting to produce a sustainability report, from developing tools in-house to purchasing software designed by providers. The results of GRI's survey emphasize the importance of software to companies that want to report their sustainability performance. This confirms the need for GRI to check the legitimacy and accuracy of content from the GRI Guidelines used in software.

The survey includes information about 99 companies and other organizations globally that registered at least one sustainability report with GRI between 2006 and 2010. The results of the survey show an increase in sustainability reporting within the sample, with 61 percent (61) of companies producing reports in 2006, rising to 94 percent (93) in 2009.

According to Nelmara Arbex, GRI's Deputy Chief Executive, the survey underlines the importance of GRI's Certified Software and Tools Program. "The survey brings to light an interesting trend in reporting, and confirms the rise in the use of software and digital reporting tools that we expected. By checking the use of GRI content in these tools, we can ensure that companies producing their

sustainability reports know the tool they are using applies GRI content in an accurate way.”

Research published in April 2011 by GRI and Radley Yeldar suggests that new formats are having an unforeseen effect on reports and the availability of data. According to the survey, sustainability performance data can be difficult to locate in integrated reports, which combine sustainability and financial performance data.

The results are from research into trends in online reporting, with a particular focus on sustainability reporting. 30 percent of the organizations surveyed provided integrated reports. Analysis of these reports showed that the GRI Content Index was generally harder to access than when compared with a stand-alone sustainability report. This means that it would be harder for stakeholders using the GRI Index as a navigational tool to find specific data in the reports.

The GRI Content Index, re-launched in January 2011, provides organizations with a template for summarizing the location of the data in their reports, helping users find the information they need more quickly and easily.

Marjella Alma, Manager – Report Services at GRI, explained the value of the Index: “The GRI Content Index is a good way for companies to make their sustainability performance data accessible for their stakeholders, particularly investors. Reports that include a GRI Content Index are eligible to be included in the GRI Reports List, which is a great way for an organization to publicize its report.”

According to Ben Richards, Senior Sustainability Consultant at Radley Yeldar, companies can do more to engage their stakeholders online. “We found some of the results really curious – particularly the fact that sustainability data is more accessible from a company’s homepage than financial data, perhaps because it’s perceived to have a higher PR value. However, we were equally surprised that so few reporters were using online channels for dialogue and debate, with just 12.5 percent of our sample offering any kind of electronic feedback form.”

The research also revealed that more than half of respondents use PDF as their main format for reporting, and 40 percent use a digital format. While this opens the digital door for many new audiences worldwide, organizations also need to be aware of their most

important stakeholder groups. Chilean mining company Codelco experienced many benefits from online reporting, but noticed their neighbors were missing out on information.

“Although audiences were bigger, we were not reaching one of our most relevant stakeholders - local communities. To approach these communities we went back to a printed version while improving the online one,” said Paul Maidstone, Environmental Specialist at Codelco.

Just as organizations should consider local communities when reporting, new audiences are changing the way reports are presented. For investors, data must be easily and quickly accessible. In June 2011, GRI announced a new partnership with Deloitte, to develop a taxonomy for XBRL reporting.

A kick-off meeting in June marked the start of an important work stream in the development of widespread and automated transmission of sustainability data. The program aims to publish an XBRL taxonomy covering both the G3 Guidelines and GRI’s latest G3.1 Guidelines.

The new XBRL taxonomy will enable organizations to tag their sustainability data in reports. The taxonomy will help organizations improve the quality and integrity of their sustainability performance data. This will help investors, auditors and other report users to access and compare GRI data more quickly and easily without the need for excessive manual work.

Cees de Boer, CFO and COO of Deloitte in the Netherlands, is very positive about the closer collaboration between GRI and Deloitte: “We are experiencing a major shift towards electronic information delivery. This development is already very important in financial reporting and is increasingly being used for both numerical and textual non-financial information. In recognition of GRI’s leading role in sustainability reporting, we are happy to support GRI’s XBRL program. As we already use XBRL for our financial reporting and plan to use XBRL for our sustainability reporting, we will be a pilot user of this new taxonomy.”

As GRI works on its next generation of Sustainability Reporting Guidelines, digital reporting formats will be a big consideration in the next year. GRI will continue to work closely with its network to monitor and guide new reporting trends, supporting organizations in their journey to online transparency.

A NEW ERA FOR THE NEW YORK STOCK EXCHANGE

There are more than 100 stock exchanges around the world, and they all operate differently. The roles they play in sustainability reporting differ as well, depending on a number of factors, including the regulatory and cultural environments in which they and their companies operate.



NYSE Euronext is one of the world's largest and most well-respected exchange groups, and includes most of the world's leading companies in sustainability. In 2010, almost 90 percent of the Dow Jones Sustainability Index and of the Carbon Disclosure Project S&P500 Leadership Index were NYSE Euronext-listed companies. With a community of companies like this, NYSE Euronext sees sustainability as a leadership issue, and is seeking to support its companies and their sustainability efforts. Through forums, sharing of best practices, support for company efforts, leadership by example – and partnering with GRI – NYSE Euronext is leveraging the strength and reach of its community of companies to promote broader attention to, and advancement in, sustainability and sustainability reporting.

In January 2011, GRI's Focal Point USA was launched at an event at the New York Stock Exchange, where Michelle

Greene, VP and Head of Corporate Responsibility at NYSE Euronext, spoke about sustainability reporting. In discussing the future of sustainability reporting and NYSE Euronext's approach of "carrots rather than sticks" with its companies – offering support, showcasing best practices, and providing assistance – Greene stated, "Hopefully we're heading toward a tipping point, where companies that don't report have some explaining to do, rather than those that do being the exception."

An exchange group with more than 8,000 listed companies, NYSE Euronext began exploring sustainability several years ago. NYSE Euronext went through its own reporting process and recently published its second sustainability report following the GRI Guidelines.

NYSE Euronext did its first corporate responsibility (CR) report in 2010 for the year 2009. "That was before I arrived,

but I have spoken to the people who were responsible for the reporting process,” says Greene. “As a company, the highest standards of disclosure and transparency are core to our identity. Thus, when the team was looking around to see what they should report on, they wanted a well-respected, gold standard – that was GRI.”

“It’s an important relationship to build,” explains Greene. “GRI arrived in the US the same year, with the launch of its Focal Point USA, and many of our listed companies are based in the US. This was a big development in the sustainability reporting field and we wanted to provide tools and information to our companies.”

At the launch of GRI’s Focal Point USA in January 2011, NYSE Euronext announced it was becoming an Organizational Stakeholder of GRI. “The global basis of GRI is important to us,” says Greene. “NYSE Euronext’s interest has deepened, and we want to be leaders and conveners in the sustainability space. Becoming an OS helps us to be increasingly engaged and be a bigger part of the global conversation as the field continues to emerge and grow.”

There are some similarities between GRI and NYSE Euronext, in the way both support companies. “The partnership makes sense to us: GRI develops relationships with companies around disclosure and sustainability, and so does NYSE Euronext,” adds Greene.

NYSE Euronext provides support to its listed companies, encouraging them to operate sustainably and report transparently. According to Greene, the reporting process is important for those companies that want to make changes. “What gets measured gets attention. Reporting is the first step towards doing better in sustainability. It helps companies – including our own- think about this, set baselines and make improvements.”

2010/11 was an exciting year for the exchange. NYSE Euronext was the first global exchange group to go carbon neutral. “This shows how seriously we take these issues,” says Greene. “The achievement was helped by other steps, including a large solar power project in Basildon, UK, and increases in efficiency and dependence on renewable energy.”

In 2010, NYSE Euronext invested \$500 million in two new data centers. The project includes a commitment to energy efficiency and sustainability. NYSE Euronext introduced a number of green initiatives in constructing the centers. “A lot of thought went into the greenness of the centers,” says Stanley Young, CEO of NYSE Technologies. “For example, the Basildon center is purchasing only green power, buying electricity strictly from renewable sources.”

NYSE Euronext was also named to the Dow Jones Sustainability Index and the Carbon Disclosure Project’s S&P 500 Leadership Index in both 2010 and 2011. In 2010, NYSE’s CDP score was 80, and it increased to 89 in 2011, indicating a strategic focus and commitment to understanding the business issues related to climate change, emanating from the top of the organization, and regular and relevant disclosure to key corporate stakeholders.

“The launch of GRI’s Focal Point USA was a big highlight of our sustainability programs for 2010/11,” adds Greene. “We brought together a terrific group of leaders in this space, and we have since built on this at other events.”

As NYSE Euronext strengthens its sustainability focus, there are big plans for the future. “We are continuing on our journey, and leading by example,” explains Greene. “We plan to work with our community of companies – the majority of leading companies in the sustainability field are listed on the NYSE Euronext. We want to build best practices, providing tools and guidance.”

NYSE Euronext will continue to build its relationship with GRI, as Organizational Stakeholder and partner in different events. GRI believes that stock exchanges are important drivers of sustainability disclosure and transparency, and NYSE Euronext is showing others the way forward.



Core supporters encourage more reporters

Organizational Stakeholders (OS) are GRI's core supporters. Investing in GRI through annual financial contributions, OS put their name to GRI's mission, contribute their expertise, promote GRI in their own networks, and play an important governance role.



GRI's OS network continued to grow in 2010/11. OS revenues surpassed GRI's financial target - total OS income for 2010/11 is estimated at over €1.336.000.

THE KNOWLEDGE SHARE PROJECT

GRI recognizes that OS are not just its core supporters – they are some of the most experienced long term sustainability reporters, some of them more than a decade deep into their reporting cycles.

To share the learning accumulated by these pioneers and champions, GRI established the Knowledge Share Project at the start of 2011 – a forum for information and experience sharing, where OS can discuss some of the most useful, and challenging, aspects of sustainability reporting. Interviews with OS were published as exclusive online chapters, each followed by a webinar on the same subject presented by the participating organization.

Participants discussed the areas of reporting that had particular relevance for them and their business. This included stakeholder engagement (Natura Cosméticos), environmental reporting (Suncor and Norsk Hydro), digital reporting (Codelco), CSR performance management (Rabobank), multi-framework reporting (Telefonica), materiality (Shell), integrated reporting (Novo Nordisk) and mergers and acquisitions (Westpac).

In early 2012, the Knowledge Share project interviews and webinars will be expanded into a hard copy book available to the rest of the GRI network and the public. The publication will capture many reporting organizations' reasons for reporting and for being OS, in their own words.

The sharing of knowledge and best practice represents one of the major benefits OS gain from the Program. OS are regularly convened by GRI's Secretariat. In 2010/11, 16 meetings were held in countries ranging from Germany to Italy. They covered subjects ranging from G3.1 to integrated reporting.

20 webinars were held on diverse subjects ranging from report content selection to the link between the IIRC, integrated reporting, and G4. Each webinar was attended by an average of 30 participants, with many more downloading the post-event webcasts. The speakers contributing to these webinars delivered special, exclusive presentations on each subject, before discussing the theme with attendees.

Shaping the reporting environment

Smart regulation can increase the number of sustainability reporting companies and organizations. It can also firm up the standards and expectations around non-financial disclosure. Clear, manageable and agreed guidance can, in turn, encourage yet more organizations to report.

Instead of making complex and controversial demands for mandatory reporting, a growing number of people and organizations are advocating smart regulation in the form of 'report or explain' disclosures. The Report or Explain principle asks for companies that do not publish non-financial results to explain their reasons. This minimum expectation for reporting can help to create a level playing field for organizations that produce sustainability reports. It can help to maintain the global discourse about organizational impacts, and prompt companies to examine the costs and benefits of reporting in a way that may result in many more sustainability reports. These basic principles underlie the Report or Explain Campaign Forum convened by GRI in 2011.

Organizations face a complicated puzzle to piece together when it comes to corporate reporting today. With demands for financial and sustainability data – often in different formats – from so many different stakeholders, companies can find it difficult to manage resources and be transparent about their performance in a consistent and efficient way.

In May 2011, Tomorrow's Company published their report *Tomorrow's Corporate Reporting*, addressing some of the issues faced and summarizing feedback. With so many stakeholders – including an increasing pool of investors – looking for data, organizations need tools and guidance to disclose relevant information in the right way.

To address this, GRI is working with regulators and partnering with other framework providers, aiming to harmonize support and guidance for organizations. 2010/11 was an exciting year in terms of policy developments and steps taken to streamline reporting processes.

GRI works closely with the OECD, and developed the collaboration further in December 2010 by signing a Memorandum of Understanding (MoU). The partnership will help companies make greater use of the OECD Guidelines for Multinational Enterprises and the GRI Sustainability Reporting Framework, bringing increased coherence and consistency to their efforts to act more responsibly and be more transparent about their sustainability.



The OECD launched updates to its Guidelines for Multinational Enterprises in May 2011. GRI supported the process by contributing to consultations. GRI welcomes the updates and believes they will help change organizational behavior, encouraging the transition to a sustainable global economy, in line with GRI's vision. The OECD Roundtable on Corporate Social Responsibility in June 2011 was the first chance to discuss the results of the update. It also provided the opportunity to start work on how best to



Mervyn King, Honorary Chairman of GRI and Richard A. Boucher, Deputy Secretary-General of the OECD

continue reinforcing the role of the Guidelines as a leading instrument to promote responsible business conduct – GRI plans to work with OECD on this.

As part of the collaboration GRI also participated in the joint OECD and International Conference on the Great Lakes Region (ICGLR) consultation on responsible supply chain management of conflict minerals in Nairobi in September 2010, and provided input to the final OECD Guidance on Due Diligence for Responsible Supply Chains of Minerals, launched in May 2011.

GRI announced its collaboration with the UN Global Compact (UNGC) in May 2010, and is now implementing the MoU. The launch of UNGC's Differentiation Programme in February 2011 marks an important step in the collaboration between UNGC and GRI. UNGC incorporates a framework for companies to differentiate themselves based on the extent to which their Communications on Progress (COP) describes their level of implementation of the ten Global Compact principles and related areas. GRI and UNGC worked together to embed the GRI Sustainability Reporting Guidelines in the Differentiation Programme.

At a local level, GRI ran events in Italy, the Netherlands and Spain to gather input from companies on the revision of the UNGC-GRI linkage document. Also, UNGC Spain's updated Spanish Communication on Progress (COP) software tool now references GRI's G3 and G3.1 Sustainability Reporting Guidelines, and outlines what companies need to report in order to reach GRI Application Level C.

Ernst Ligteringen, GRI Chief Executive, and Pietro Bertazzi, GRI Policy & Advocacy Manager, attended the 26th UNEP Governing Council in Nairobi, Kenya, in February 2011. GRI also attended UNEP's 2011 Business & Industry Global Dialogue, *Strengthening the role of the private sector in the transition to a Resource Efficient and Green Economy: On the road to Rio+20*. Teresa Fogelberg, GRI Deputy Chief Executive, presented on a panel in the session 'Measuring Progress to a Green Economy'.

The Earth Charter Initiative, which celebrated its tenth anniversary in 2010, submitted comments to GRI's G4 Primer Survey in 2011. A member of the Report or Explain Campaign Forum, the Initiative believes that "sustainability reporting is an integral part of implementing the vision of sustainability and of promoting democracy and peace. The increase in sustainability reporting initiatives, such as the Global Reporting Initiative, are fundamental to fostering a more peaceful, democratic, and sustainable world."

GRI also collaborates with the United Nations Conference on Trade and Development (UNCTAD). UNCTAD is the host for the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), which is the only intergovernmental working group devoted to corporate transparency and accounting issues at the corporate level. UNCTAD launched the publication *The Road to Rio+20, for a development-led green economy*, and published the article 'Environmental, social and governance disclosure to manage the change to a green economy on the path to sustainable development', which GRI contributed to during the reporting period. Isabella

Pagotto, GRI Government Relations Manager, participated in the ISAR Meeting on climate change-related reporting, in October 2010. GRI also attended the UNCTAD Roundtable on Public Policies on Voluntary Responsible Investment and Enterprise, in April 2011.

The goal of a sustainable global economy, where companies' disclosure of their environmental, social and governance performance is a mainstream activity, is shared by private sector leaders, civil society organizations, trade unions, trade associations, governments and committed individuals around the world. It is in everyone's interest that such performance information is made public – that companies reveal their impacts, or the reasons why if they don't.

Governments, regulators, stock exchanges, investors and associations can help information reach a critical mass in the market by asking: "Why don't you report?" There are many ways to do this, for example through regulation. Sustainability reporting does not necessarily need to be mandatory: If regulators were to adopt a report or explain policy, companies could still be free to choose what information to disclose. Such an approach could persuade more companies to report rather than to explain why they don't, and provide markets and society with information to judge their choices.

GRI launched its Report or Explain Campaign Forum in April 2011 to provide a convening space for organizations that support a report or explain approach to policy. UNGC has joined the Forum, stating it "shares the goal of mainstreaming environmental, social and governance disclosure," and going on to say, "As a participant of the Report or Explain Campaign we aim to contribute by showing support publicly and by sharing information about initiatives on the disclosure of sustainability information."

UNEP, a global strategic partner of GRI, is also a member of the Campaign Forum. Sylvie Lemmet, Director, UNEP Division of Technology, Industry and Economics, commented: "GRI's Report or Explain Campaign is an important initiative and UNEP is pleased to be able to support the campaign as part of our ongoing work with GRI."

In past years, some governments have already adopted a report or explain approach to policy, with excellent results. A report published in Sept 2010 by Uppsala University in Sweden shows that despite the requirement being in place for a relatively short space of time, it has resulted in improved procedures for reporting on sustainability among Swedish state-owned enterprises. Similarly, a 2010 Danish

study on the impact of its 2009 legislation suggests that the legal requirement to report is creating growth and strengthening Danish businesses' international reputation and competitiveness, as well as helping to motivate more businesses to work with, and report on, sustainability.

Sustainability is coming to the forefront at a European level. GRI was actively involved in several meetings and events during the reporting period, including a plenary meeting of the European Multistakeholder Forum on CSR on 29-30 November 2010. This enabled GRI to take part in discussions on how to shape the upcoming Communication on Corporate Social Responsibility. It is expected that the new Communication will set a milestone in the history of EU CSR Policy. Disclosure of sustainability related information is expected to be one of the key issues addressed by the Communication.

GRI participated in a European Commission Public Consultation on disclosure of non-financial information, which ran from November 2010 until January 2011. In April 2011, 'in order to ensure a level playing field', the European Commission announced that it 'will present a legislative proposal on the transparency of the social and environmental information provided by companies in all sectors'. In June 2011, GRI was invited to participate in a series of meetings of the ad hoc expert Group on Disclosure and Non-Financial Information by EU companies. The output of the meetings feeds into the legislative proposal the EU Commission will make in 2012.

Many more governments are working on sustainability regulation and guidance. In 2010/11, developments in France, Spain, Norway, the USA, Canada and China highlight the increasing importance of sustainability and transparency.

Because of the importance of governments in mainstreaming sustainability reporting, GRI established its Governmental Advisory Group in 2008. While not part of GRI's governance structure, it is a high-level advisory group that provides GRI's Board of Directors and executive team with a direct source of informal opinion and advice from governments. In addition, the Group functions as a platform to exchange ideas and experiences between the members themselves.

Group members come from Australia, Brazil, Denmark, the EU Parliament, France, Germany, India, Japan, the Netherlands, Norway, the OECD, South Africa, Spain, Sweden and UNEP. In 2010/11, the Group had two meetings – one in October 2010, hosted by the French Ministry for Ecology, Energy and Sustainable Development



Stock exchanges are also providing guidance for their listed companies

and the Sea in Paris, and one in March 2011 at the GRI Secretariat in Amsterdam.

Stock exchanges are also providing guidance for their listed companies – an increasing pool of evidence shows that sustainability indexes outperform traditional ones. On page 24 you can read about NYSE Euronext's activities in this area. In the last reporting period, over 450 companies listed on the Johannesburg Stock Exchange (JSE) were required to produce an integrated report in place of their annual financial and sustainability reports. The Shanghai Stock Exchange recommends sustainability reporting to listed companies and, in June 2011, the Singapore Stock Exchange adopted a Policy Statement and Guide to Sustainability Reporting. Listed Companies are invited to refer to GRI's Sustainability Reporting Guidelines for more comprehensive disclosure guidance.

Details on developments in policy and regulation are available on GRI's Report or Explain Campaign Forum webpages.

With 17 members by June 2011, the Forum is open to all who believe that sustainability reporting is necessary and beneficial – that companies should reveal their performance or the reasons why they don't. The Forum also tracks initiatives that are advancing towards the goal of mainstreaming environmental, social and governance disclosure. The Forum features the latest news about how organizations and regulators are pursuing their plans towards the goal of a widespread sustainability reporting culture.

The Green Economy Coalition (GEC) is a Campaign Forum member. GRI is a member and co-leader of the GEC, and is actively involved in its accountability and Governance workstream. GRI participated in the GEC's annual meeting in Gland in June 2011.

REGULATION DEVELOPMENTS

GRI collects information on policy developments in the Report or Explain Campaign Forum information hub.

France's National Strategy for Sustainable Development 2010-2013 was adopted on 27 July 2010: it refers to CSR and transparency/ reporting. A new CSR reporting obligation with article 225 in the French Commercial Code was launched on 12 July 2010.

The Spanish Sustainable Economy Law was announced on 15 Feb 2011. The law includes an amendment that encourages Spanish *sociedades anónimas* (limited companies) to disclose their CSR policies and achievements publicly, in a specific annual report.

The Norwegian Ministry of Finance appointed an inter-ministerial working group to consider whether the current provisions of the 1999 Accounting Act, which require companies to report on social responsibility factors, should be extended. The report was available for public consultation in 2010/11.

Specialized disclosure / reporting requirements were adopted through Dodd-Frank legislation passed by US Congress in July 2010. Companies are required to report information concerning conflict minerals that originated in the Democratic Republic of the Congo or an adjoining country.

On 20 October 2010, the formal launch of the review process of Canada's Office of the Extractive Sector Corporate Social Responsibility Counsellor was announced. The role of the CSR Counsellor is to review the CSR practices of all Canadian extractive sector companies operating outside of Canada, and is partly based on GRI's guidance.

The German government adopted its first National Strategy for Corporate Social Responsibility - 'Action Plan for CSR' - on 6 October 2010. It supports international initiatives including GRI and announces that Federal Ministries will issue sustainability reports.

The Chinese government announced its 12th five year economic plan in March 2011, with sustainable growth publicly stated as part of the core strategy. The plan also outlines an increased minimum wage and recognizes a number of sustainability challenges facing China.

Engaging with the network

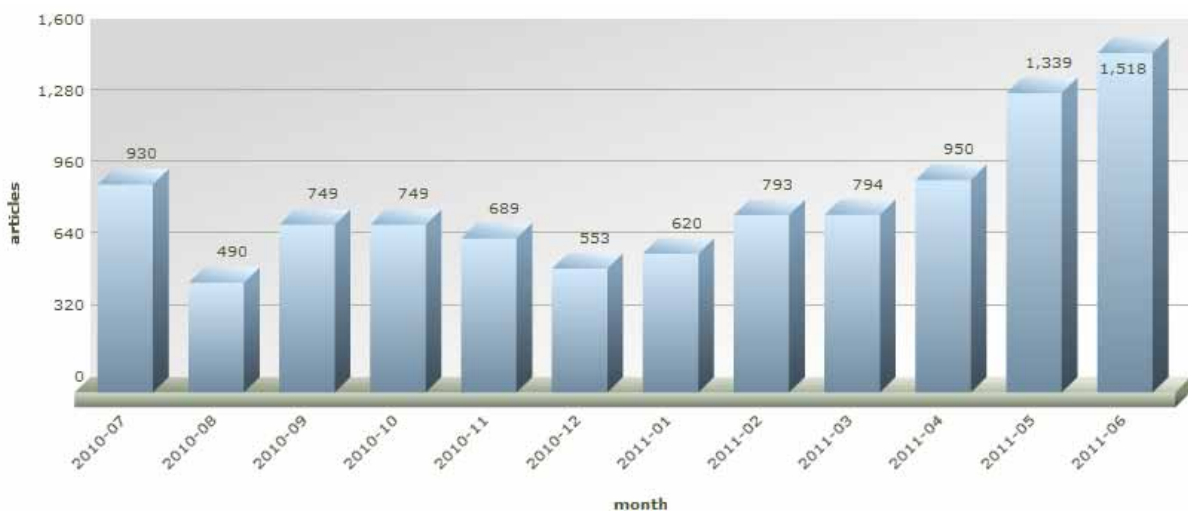
GRI uses many communications channels to engage with different stakeholders worldwide. In 2010/11, there was a big increase in the number of people engaging with GRI on social media platforms, reading about GRI in the Newsletter, and writing about GRI in the international press.

Between 1 July 2010 and 30 June 2011, there were more than 10,000 articles published mentioning GRI, with a potential audience of over 30 million. The majority of the coverage is in the United States, with other major coverage in the UK, Canada, China, Mexico and India. On average, 91 percent of the coverage is online, seven percent print and two percent broadcast.

GRI's monthly Newsletter aims to keep the GRI network up to date with the latest news on reporting, and to provide opportunity to get involved in development processes. In 2010/11, the Newsletter was viewed and forwarded more than 100,000 times.

GRI has an active community online: engagement has increased this year, with more than 6,000 followers on LinkedIn and 3,000 followers on Twitter.

Media coverage 2010/11



Media coverage by country 2010/11



Top downloads from GRI's website 2010/11

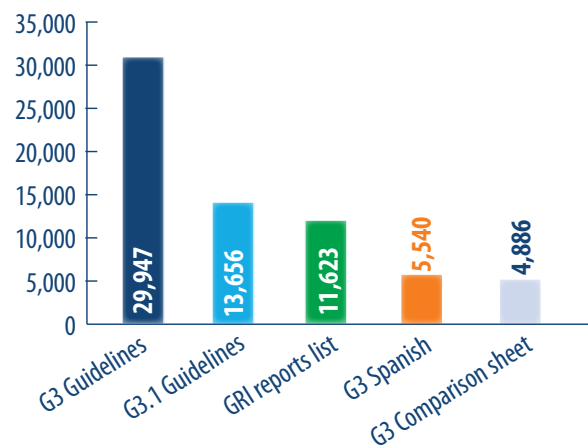


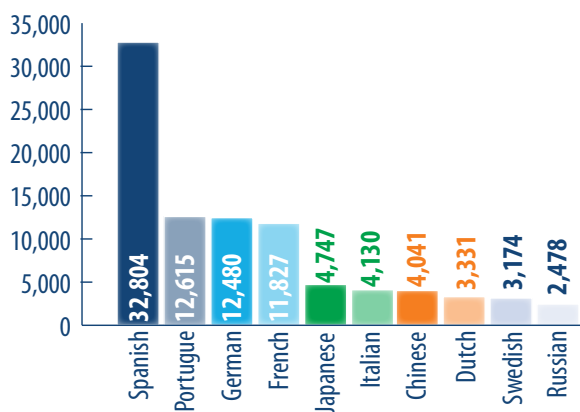


Photo by Rolf Schwery

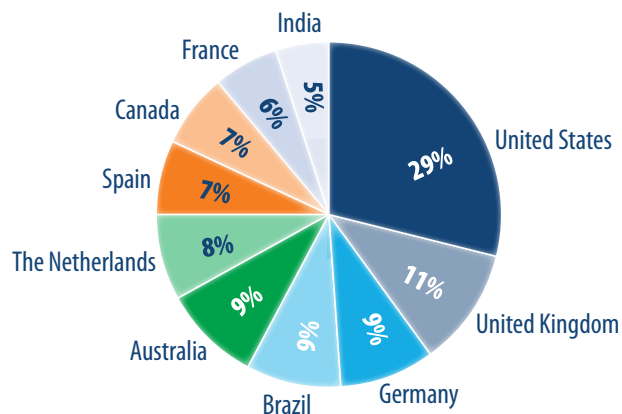
GRI communicates to its network and wider audiences via the website, which received more than 470,000 unique visitors in 2010/11 – an average of 40,000 per month. The GRI Guidelines were downloaded more than 45,000 times.

GRI provides web content in many languages, and these pages are visited frequently – Spanish and Portuguese were most popular in 2010/11.

Top ten language pages visited 2010 – 2011



Top ten visiting countries in 2010/11





GIZ and GRI in India, January 2011

Are you making sense?

Manfred Haebig, Director Private Sector Development, Gesellschaft für internationale Zusammenarbeit (GIZ), gives his view of 2010/11 and looks to the future of transparency

Making SENSE

6 October 2011: a public holiday in New Delhi, where we have been helping to build up GRI's Focal Point India for the last two years. Clicking through the online edition of German newspaper *Die ZEIT*, a photo of a frightened woman catches my attention. A member of the Americans Occupy Wall Street Movement, she holds up a hand-written poster. It reads: "I have paid \$125,869 into a house currently worth \$91,000 but the bank is taking it back because I still owe them \$355,692.91..." - Does this make **sense**?

This year has kept us busy asking the same question: What sense does this make? In this crisis, the rich have gotten richer, the poor poorer; the Greeks have tightened their belts, only to see their fate worsening; Jane Smith has bailed out the bankers, who then pocket yet another bonus. Cynicism and anger are spilling over to main street, and are threatening the consensus on which our way of life is built, at least in "The West", embodying Capitalism and the market economy, embedded in democratically constituted societies. 20 years after Fukuyama's "End of History" we know that he got it wrong. Far from over, history is taking rather unpleasant courses. It has become an uphill battle to explain and justify the virtues of our economic model, and the contribution of the private enterprise to the public good.

Corporate misbehavior today can be as toxic as those financial products that triggered the whole mess. We just

can't afford it. We would be sawing off the branch on which we are sitting. On the contrary, we have to make every effort to regain and boost the confidence of those who buy our products, and who sustain our political systems. There's no other way out, but to walk our talk and convince them that, despite all the trouble, we do make sense. Credible reporting and disclosure on environmental, social and governance performance definitely is a useful contribution to sense-making.

MAKING sense

Forget about Sunday sermons and green washing. Talking sense has been inflated away, it's a useless and blunt weapon, by now. You have to really **make** sense - environmental sense, social sense, governance sense, and, of course, business sense. Welcome to leadership and management - the arts of making great things happen. Leaders and managers have to translate GRI's vision into successful business; and with GRI's reporting guidance, they have the cornerstone of a management framework that will help them doing so. Remember that Drucker quote: "Only what gets measured gets managed."

In the cooperation between GIZ and India, we rely on GRI's Framework to bring our vision of a sustainable economic development and business responsibility to where the rubber meets the road: the implementation at the enterprise level. You should start making sense as well - it's today's number one challenge!

The Year in Review, part two.

Sustainable development where it matters most: Mainstreaming reporting worldwide

In October 2010 the GRI Board of Directors approved the Strategy for Developing Countries – *Towards Multi-Stakeholder Engagement and ESG Reporting in Developing Countries*.



The Strategy is designed to integrate the developing country focus into GRI's wider goals and work streams, and is implemented with:

- Global activity, via the Sustainability Reporting Framework and policy engagements
- Thematic and sectoral activity, with special programs for Small to Medium sized Enterprises (SMEs) and companies in supply chains
- Capacity building and training programs
- Presence on the ground in developing countries

GRI has four strategic objectives for developing countries:

1. To enhance all stakeholders' knowledge, skills and ownership of sustainability reporting, and its link to sustainable development, poverty reduction, resource conservation and biodiversity protection.
2. To strengthen the sustainability performance of local business actors in order to positively impact sustainable

development, and strengthen their competitiveness on the regional and global market.

3. To increase the capacity of stakeholders - in particular civil society, labor unions and local authorities - to engage in constructive dialogue with local and multi-national businesses on their environmental, social and economic performance, on the basis of sustainability reporting. Capacity-building in the field should enable the creation of multi-stakeholder approaches that are specific to developing countries.
4. To increase transparency regarding the impact of foreign multi-national companies that invest and operate in developing countries. This should strengthen companies' governance around sustainability performance and impacts in their host countries, and increase their transparency for investors and stakeholders.

In support of this strategy, GRI collaborates with organizations worldwide to provide training, support and guidance to companies in developing countries. This activity ranges from holding events, workshops and seminars to working with governments on policy development.

It is also vital for experts from developing countries to participate in the development of GRI's guidance. In 2010/11, GRI convened Working Groups to develop four Sector Supplements, and to update the Guidelines. A total of 73 people from 25 countries, including Mexico, Chile and Mongolia, participated in Working Groups on Human Rights, Gender, Community and Supply Chain. Working Group meetings were held in 2 countries, South Africa and India.

Four Sector Supplements were under development in 2010/11, for Event Organizers, Media, Oil & Gas and Construction & Real Estate. A total of 10 Working Group meetings were held in eight countries, including India, Brazil and the Netherlands. Working Group members represented a variety of constituencies and geographical regions, some coming from Thailand, India, South Africa, Brazil, Argentina, Russia, Colombia and the Philippines.

In Kenya

GRI held a special event at the United Nations Environment Program (UNEP) Governing Council in Nairobi in February 2011.

At 'Managing what you measure: Sustainability Reporting and Indicators to manage the change to Green Economy',

the hosts, H.E. Edna Molewa, Minister of environment and water, South Africa, and Paolo Soprano, Vice-Chair, Preparatory Committee of the United Nations Conference on Sustainable Development (Rio+20) taking place in Brazil in 2012, together with the Nigerian bank, Access Bank Plc., UNEP and GRI, discussed how sustainability reporting frameworks and performance indicators could help the private sector reduce its impact on the environment.

The event was GRI's first invitation to the UNEP Governing Council. The invitation reflects increasing recognition by governing bodies that reporting is important and that the private sector has a large role to play in the shift to a green and sustainable economy.

In Nigeria

In June 2011, Nigeria hosted the first 'African CEO Roundtable & Conference on Corporate Social Responsibility'. Organized by Thistle Praxis, a Nigerian sustainability consulting firm and GRI Organizational Stakeholder, the Conference convened corporate social responsibility and sustainability practitioners to focus on the African context.

An opportunity for professionals to discuss sustainability issues, the Conference also enabled Nigeria to highlight its achievements in sustainability: Access Bank Plc, a GRI Organizational Stakeholder, announced its victory in the Financial Times Sustainable Banking Awards, winning Sustainable Bank of the Year (Middle East and Africa). The award reflects Access Bank's continued commitment to sustainability, and is expected to inspire other Nigerian organizations to issue sustainability reports.



WEAVING SUSTAINABILITY INTO STRATEGY, WITH VIYELLATEX

Bangladesh is one of the largest ready-made garment exporters in the world. With more than 16,000 employees, Viyellatex Group is a textile and apparel manufacturing group in Bangladesh, which recently completed sustainability reporting training as a supplier of PUMA, under GRI's Global Action Network for Transparency in the Supply Chain (GANTSCh) Program.

Companies in Bangladesh face many sustainability challenges, as Ravi Khan, Head of Organizational Sustainability at Viyellatex Group explains. "As Bangladesh is one of the most densely populated countries in the world, depletion of natural resources is one of the major issues we face regarding sustainability. Other such issues include an insufficient education system, lack of proper sanitation and drinking water, lack of monitoring of waste disposal, deforestation, and an inadequate communication structure."

According to Khan, Viyellatex feels that education plays a part in elevating societal standards. "We believe that education is the backbone of this country. Therefore it is

imperative for all children to receive education in order for Bangladesh to have a brighter future. So we have opened several pre-primary schools for children of the local community to attend free of cost."

Viyellatex takes sustainability seriously: the Group is an Organizational Stakeholder of GRI, and won the best supplier award from PUMA in 2009. Other achievements include the 2007 BGMEA award for 'Outstanding contribution towards Corporate Social Responsibility and Export Performance', and Interfab Shirt Manufacturing's award as Worker Friendly Factory (2007-2008).

Reporting has provided many benefits to the Group, says Khan. "Sustainability reporting shows transparency; the report goes out to stakeholders and external parties, so it helps to build accountability, credibility and portrays a good image about the company as well as the country."

Employees are a key stakeholder group for Viyellatex. The company has introduced a new minimum pay scale for its workers, which is 20 percent higher than the government's stipulated standard. Khan added, "We realize that to keep our stronghold in the international market, we must provide sustainable working conditions for achieving greater productivity. Our aim is to ensure that the workers are content, highly skilled and are better parents to their children."



Viyellatex published its first report in 2010. In the report, Viyellatex Group's Chief Executive Officer K.M. Rezaul Hasanat says: "We are pleased to announce that for the first time in Bangladesh, Viyellatex is using the GRI Guidelines to report the sustainability of the Group on the basis of social, economic and environmental aspects. We believe this would be the benchmark for other companies in our country."

Despite its gleaming record, the Group recognizes there is more to be done. "Giving importance to sustainability allows us to improve our organizational management proficiency and gain credibility and reputation worldwide," explains Mr. Zakeria, Compliance Manager of Viyellatex. "Our motivation is doing business in green and cost-effective ways. We have also made a commitment to the United Nations Global Compact to become a carbon neutral company by 2016."

The reporting process was a challenge for Viyellatex, says Mr. Zakeria. "Our main complication was the inability of our departments to provide us with solid data; our employees had to improve their data collection methods in order to get more sound and reliable information. We are working on a more systematic manner to help with data collection. This will definitely help increase the precision of our analysis and improve the tools through which we perform the analysis."

Khan describes the changes the company has made as a result of reporting. "We feel that the reporting system is helping because the data managing is better now as people are more accountable for the data they collect. Our sustainability performance is enhanced due to the reporting system as we have made a few changes to our waste segregation sections to better accommodate data collection and improved ways to analyze turnover trends according to age and gender. However, the outcomes of these changes are yet to be quantified as it is too soon to examine the results."

Some data is already available and illustrating the benefits. "We found out through our reporting that our Evaporating Cooling System which acts as an alternative to air

conditioners in the production floor saves approximately BDT 3,000,000 (€30,000) for the knit garments unit and BDT 129,2206 for woven garments unit per year," explains Khan. "This process also saves 511,945 m³ and 220,513 m³ of natural gas per year respectively for our knit and woven unit."

For the Group, the company replaced 15,000 tube lights of 40 W each with energy efficient lights of 21 W each. This saves nearly 50 percent in electricity consumption. "This report gives us a reflection of our activities in statistical data, assigning concrete numbers to the impacts the company has had after these changes have been made," says Zakeria.

Mr. Zakeria continues, "Reporting has made our company more transparent and environmentally friendly. We are now more compliant, worker focused and quality centered, all of which has positively impacted our stakeholders."

For Viyellatex, reporting is a way of managing and improving performance. "Reporting has improved our transparency around governance: We have developed a proper system to collect data, are able to keep track of trends, and analyze and find areas of fault and weaknesses. Reporting gives a base to strategize for improvements," adds Khan.

Viyellatex intends to continue reporting on their sustainability performance, says Khan. "GRI reporting is very much part of our plan to show our continuous improvement in all aspects of our business especially in terms of cost savings through efficiency and administration."

"We would definitely recommend GRI to other companies, as we feel that GRI reporting helps the company to be more organized and more efficient. It provides the opportunity to share and implement the ideas of other companies, which are important for growth. It also gives the opportunity to create a platform internationally with like-minded businesses from all other sectors through GRI."

Viyellatex's report can be accessed via the GRI Reports List, at www.globalreporting.org



Photo by Kazi Arifur Rahman

Supplying sustainability

The Global Action Network for Transparency in the Supply Chain is a GRI program with clear and measurable positive impacts on participants from developing countries.

The Program was initiated in 2009 by GRI and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, which implemented the public private partnership program on behalf of the German Federal Ministry for Economic Development and Cooperation (BMZ).

The Program enables multinationals to apply sustainability reporting as a tool in their supply chain management strategy, and build collaborative relationships with their suppliers around the reporting process. For participating suppliers, the Program concludes with the production of their first Level C GRI report.

On the ground, the GANTSCh Program is facilitated by GRI's Certified Training Partners and local or regional sustainability consultants. Suppliers receive GRI's Certified SME Training, and are subsequently supported by consultants as they implement their reporting cycle.

The work of GANTSCh has now been expanded to cover sustainability in other clusters of organizations: Chambers

of Commerce and trade associations. The Catalan Chamber of Commerce joined the program in spring 2011, resulting in GRI working with 11 large Spanish and international companies to provide intensive support to 63 suppliers.

In 2010/11, 34 suppliers from 8 countries participated in the Program:

Brazil: 9
China: 8
Vietnam: 7
Portugal: 6
Cambodia: 1
Malaysia: 1
Bangladesh: 1
South Africa: 1

From May 2011, a further 62 suppliers in Spain and 6 in Brazil commenced participation in the Program.

Learning to report effectively with the GANTSCh Program can:

For suppliers and member companies -

- Identify how sustainability factors impact their business and vice versa
- Build a business case for sustainability management and reporting
- Use reporting as a catalyst for internal change

For multinationals -

- Improve long-term relationships and increase understanding of supplier needs and processes
- Capture previously unknown data to identify risks or performance gaps at supplier level
- Provide visibility as a leading organization in sustainability reporting and sustainable supply chain management

For business and industry associations -

- Improve the sustainability performance of member companies
- Respond effectively to member needs for sustainability management and transparency
- Help improve job creation, stability and economic performance in local or sectoral groups of companies

“Supply chain sustainability reporting is a very important element of PUMA’s sustainability strategy. Without sustainable suppliers, we will not be able to produce a “sustainable” product or report about PUMA’s own actions.”

– Stefan D. Seidel, Deputy Head PUMA.SAFE
Global



In May 2011, the GANTSCh team published the report *Global Action, Local Change – Moving towards Sustainable Supply Chains*. The publication captured data and responses from course participants, providing insight into what sustainability reporting means for smaller organizations.

For many companies, the effects of training and going through the reporting cycle were of particular interest. On page 36, you can read more about the experience of clothing manufacturer Viyellatex in Bangladesh.

Better partnerships for better business

Sustainability management is made more complex by the globalization of the world economy. Many organizations’ sustainability management processes must address the impacts of business partners in the supply chain. But approaches to measuring and communicating the effectiveness of such efforts need to be progressed.

GRI’s Board of Directors identified disclosure on sustainability issues across the supply chain as a revision priority for GRI’s Guidelines, based on feedback from the Technical Advisory Committee (TAC), the Stakeholder Council (SC) and the wider GRI network. This led to the formation of the multi-stakeholder **Supply Chain Working Group**. With an international membership, the Working Group is tasked with developing recommendations to support the quality of disclosure with respect to supply chains.

The first Working Group meeting was held in Amsterdam in October 2010. This was followed by a meeting in Chile in April 2011, just before GRI began the preparatory phase of the development of its next generation of Reporting Guidelines – G4.

The Supply Chain Working Group will be integrated into G4’s development process, helping to ensure that future sustainability reports provide a more complete picture of supply chain performance.

FORD, HUMAN RIGHTS, AND SUPPLY CHAIN

In an interview conducted as part of GRI's Organizational Stakeholder Knowledge Share project (see page 26), Thomas Niemann, Reporting Manager at Ford Motor Company in Michigan, USA, discussed the company's approach to human rights reporting, and how the issue is especially relevant in supply chain management.



"Supply Chain reporting is paramount and manufacturers cannot turn a blind eye," Niemann explained. "Human rights are a major part of how a company is expected to be responsible throughout its entire value proposition, encompassing diverse issues from conflict minerals, forced labor and child labor to water use. So as a material issue, human rights in the supply chain are essential."

Ford's large and complex supply chain presents both challenges and opportunities in terms of sustainability disclosure.

"We have thousands of suppliers in more than 60 countries around the world. We take a broad view of suppliers and, like most companies, we use a tier system to identify them. There are several hundred Tier 1 and the tiers extend as far as Tier 12+.

It can be difficult to influence sub-tier suppliers in terms of sustainability performance. Each is bound by national laws and federal authority, either based on Ford's operating locations or where the suppliers themselves are located. The first and foremost thing is to be compliant with regulation, but in some cases Ford's corporate standards are higher than local regulatory standards. We still expect Ford's standards to be applied."

Niemann also highlighted the comprehensiveness of Ford's policy towards supply chain.

"The basis of our work with suppliers is the Ford Code of Basic Working Conditions. This Code was formally adopted in 2003 and applies to our own operations as well as our \$65 billion supply chain. It addresses workplace issues such as working hours, child labor and forced labor as well as non-discrimination, freedom of association, health and safety, the environment and other issues.

Raw material supply chain issues are complex and go far beyond what people might normally consider as part of supply chain sustainability. In most cases, Ford does not source raw materials directly.

We had a particular case in 2006 with a seventh tier component supplier of a small part. The production of pig iron, a major part of the steel in electrical components, is often fuelled using coal. The wood used to make the coal in this process was being harvested in an area of Brazil known to be associated with forced labor. When we found out we stopped sourcing from the supplier immediately but continued to talk to them and help improve their human rights practices.

This example highlights some of the challenges we can encounter when attempting to promote sustainability in our supply chain."

Ford provides extensive training to its suppliers, launching a capacity building program in 2006 which began with suppliers in China. How, in practice, does this work?

"This training has since been extended to Mexico, Turkey, Brazil, India and Thailand, (*this is a subset – a full list can be found in Ford's annual Sustainability Report*) with one to three day training sessions," Niemann explained.

"Primarily this consists of familiarizing suppliers with Ford's Code of Basic Working Conditions (CBWC), local law, and management systems to ensure continuous compliance over time.

Training is important. The program is led by Ford and alliances – Ford works closely with The Automotive Industry Action Group (AIAG) to support the industry's work in supply chain sustainability and share its expertise. This 'open book' approach to supply chain work includes Ford contributing an 'executive on loan' – the global manager of our Supply Chain Sustainability group – to the AIAG."



LOOKING DEEPER INTO INDIGENOUS RIGHTS

There are many sustainability issues a mining company needs to think about, from its impacts on biodiversity and its waste to resettling people. Indigenous rights is an important consideration for mining companies as they engage with local communities. But how is the sector doing in terms of working with indigenous people, and does it make a difference to sustainability?



Rebecca Adamson (left) is from the Deer Clan of the Cherokee Tribe

“The mining industry is further ahead than other extractives industries in terms of good practice,” said Rebecca Adamson, President and founder of First Peoples. “It could be because their footprints and operations in communities are long-term and planted there. Managers go in and stay in one place for 15 or 20 years. This means they are retaining staff that help the business operate responsibly in communities – it has to do with leadership.”

GRI and its network recognize the importance of indigenous rights, and GRI provides guidance on reporting performance in this area. In March 2011, GRI launched updates to its Guidelines. G3.1 includes revised content on human rights and community, helping companies be more transparent in those areas. Indigenous rights is an

important part of human rights, and organizations that follow the G3.1 Guidelines can report their performance.

Adamson is from the Deer Clan of the Cherokee Tribe. Having grown up with a strong Native American world view from one side of the family, a rich Swedish heritage on the other, and an education in Ohio, she is well placed to see different views on a subject like sustainability. “We all have something to bring to society, to help the world to move forward as people and planet. Unfortunately, the voices of indigenous people are kind of lonely and tend to get forgotten.”

The mission of Adamson’s organization First Peoples Worldwide is to build upon a foundation of indigenous

values to achieve a sustainable future for all. What are these values? Adamson explains:

"In the west, national parks and protected areas are set up as a certain target percentage of total land to protect the planet. However, the indigenous paradigm says protection and production, production and protection: you protect your land because it produces for you and it produces for you because you protect it. It's a dynamic of balance, you hold the whole society responsible for everywhere."

Engaging with indigenous people and respecting their rights is about seeing your company as part of the local community, something that Adamson believes a number of mining companies do well.

"Mining companies have a better sense of community engagement, therefore better practice. There are mavericks that have a long way to go, but the majority are moving forward towards significantly good practice. You evolve better practices through trial and error; you can't do this through checklists, you have to have someone who thinks creatively."

One way to support this creative thinking is to provide structure, a foundation for looking at engagement with the local community. GRI provides this structure, a framework that it is continuously developed with GRI's multi-stakeholder network. GRI's Mining and Metals Sector Supplement – a tailored version of the Guidelines for organizations in that sector – was launched in 2009/10, and has already had a big impact. In April 2011, GRI and the [International Council on Mining and Metals \(ICMM\)](#) announced that a growing number of ICMM member companies are disclosing social and environmental data. In 2010, 17 of ICMM's 18 member companies reported on their sustainability performance using the GRI Guidelines.

ICMM brings together many of the world's largest mining companies to address sustainability challenges. "We have seen a significant rise in the level and quality of sustainability reporting among ICMM members this year," said ICMM President Anthony Hodge. "This is encouraging both in terms of the work being done by ICMM, but also as a reflection of a growing culture of transparency in the industry."

Data from the [GRI Reports List 2010](#) shows that there was a 12 percent increase in the number of GRI reports

from mining and metals companies compared to 2009. More than half of these reports follow the sector-specific guidance.

"GRI provides the tools that act as carrot and stick," said Adamson. "The Guidelines help highlight the aspirational, but also establish a floor: a minimum requirement for disclosure. When a company operates in a community, the community should benefit. The public wants to know certain things about the company's performance; ultimately is the community better off or not?"

But going deeper than the numbers, what is the reality? Are mining companies really working with and supporting their local communities? Adamson says yes, and has two clear examples.

"A mining company in Alaska has been engaging with the community for 20 years. It is run in partnership with indigenous people. The community was very sad when the company's leader retired, and they were concerned about the next person. The company recognized this and opened up the hiring process to the local community.

"In Brazil, people from a local indigenous group kidnapped two employees from a mining company. Instead of responding with outrage and defiance, the company looked at the underlying reasons for the kidnapping – they were concerned for the community as well as their employees. The indigenous people were furious with the government's lack of services and neglect. It was a remarkably brave position for the company to take in Brazil, and showed their commitment to the local community."

Adamson believes that many companies are taking strides in community engagement, but there is still plenty to achieve. "Huge change is underway. Conoco Phillips, BP and Exxon have all been working on their indigenous peoples policies. Who would have thought a year ago that the big ones would be lining up on this? I think an enormous amount of credit goes to GRI and the SRI communities."

"We now have to change practices across the board and promote a new business model. We need to take the best of what's offered from all societies and cultures and apply it to serious crises we have to solve for the next generation, including today's sustainability crisis."

First Peoples Worldwide:

<http://www.firstpeoplesworldwide.org/>



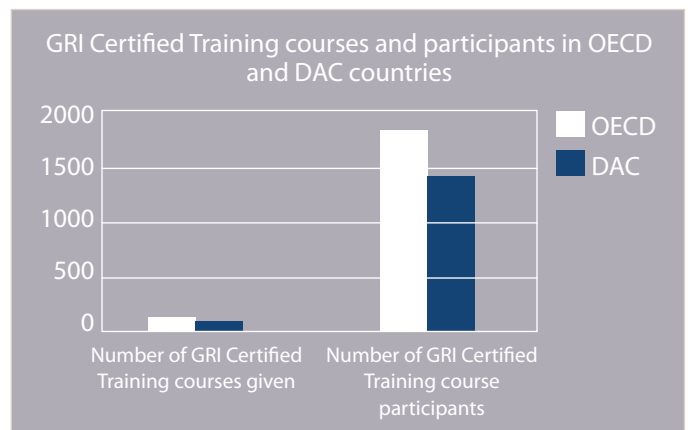
Teaching transparency

GRI's work to scale up the number of organizations that produce sustainability reports includes training diverse reporting audiences all over the world.

The Certified Training Program teaches sustainability reporting knowledge and skills, helping report makers and users to utilize the GRI Framework and GRI reports more effectively.

In 2010/11, there was a 68 percent increase in the number of Certified Training courses given, and the number of participants increased by 56 percent. A milestone was reached in March 2011 when the number of Certified Training participants reached 5000 people.

In developing countries including China, Vietnam, South Africa, Brazil and India, 99 training courses instructed 1479 participants. Particularly notable figures were achieved in developing countries in the Hispanic Americas, where more than 30 training courses provided instruction to nearly 700 attendees. 32 Certified Training Partners are based in DAC countries; two Training of Trainers courses were held for 11 of those Training Partners in December 2010.



Training of Trainers 8-10 December 2010



Global Action, Local Language

There are Certified Training Partners in more than 60 countries. Training is delivered in the relevant local language, meaning that training materials – and GRI's Framework – need to be translated for participants to maximize their learning.

Moreover, GRI's translations aim to provide reporting guidance where demand is high, and where it is needed most; and in places where the original English language versions of GRI's Framework documents are less likely to be used by organizations that produce sustainability reports.

One example of the wide dissemination of guidance is that of the Arabic G3 Guidelines, for which GRI partnered with the Egyptian Corporate Responsibility Center (ECRC).

The quantity and quality of sustainability reports has been increasing in the Middle East in recent years; the GRI Reports List indicates a five-fold increase in the number of reports from the region between 2007 and 2010.

Published in January 2011, the Arabic Guidelines enable companies in the Middle East to be more transparent about their sustainability performance, and facilitate training and awareness-raising in the region.

Other translations finalized in 2010/2011

Bahasa Indonesia G3 Guidelines
 French Financial Services Sector Supplement
 French GRI/ISO 26000 linkage document
 Hungarian Financial Services Sector Supplement
 Hungarian Electric Utilities Sector Supplement
 Italian G3 Indicator Protocols
 Portuguese Mining and Metals Sector Supplement
 Russian NGO Sector Supplement
 Turkish G3 Indicator Protocols

The following translations of the Pathways publication "The GRI sustainability reporting cycle: A handbook for small and not-so-small organizations" were finalized:

- Bulgarian
- Croatian
- Czech
- Dutch
- Finnish
- French
- Greek
- Hungarian
- Italian
- Polish
- Russian
- Slovak
- Turkish

The 'Let's Report!' template was translated into: Czech, Hungarian, Indonesian, Bulgarian and Danish.

Strong stakeholders for Southern Africa

Sustainability performance is becoming an essential consideration for organizations worldwide, and the issues faced can vary dramatically depending on location. In Zimbabwe, companies are adopting the practice of sustainability reporting to monitor their performance around issues including those related to environmental, economic and social responsibilities.



"Zimbabwe is coming out of a long economic and political paralysis, so companies had to stop using local currency. This provides challenges in terms of the catalyzation of companies," explains Rodney Ndamba, Executive Director (Founder) at the Centre for Environmental Accountability (CÉNÁC), and GRI Stakeholder Council member.

"The GRI Framework helps companies deal with operations. It makes people begin thinking," he says. "There are some immediate benefits, like access to capital. If companies are seen to be sustainable, a financial institution would want to be associated with them."

RioZim, a mining company and international toll refiner of nickel and copper based in Zimbabwe, is actively involved in sustainability and aims to be transparent and responsible. According to Paul Markham, Development Division Director at RioZim, sustainability reporting is important to the company. "RioZim is a publicly listed company with a high reputation for its CSR over a long period of time. We have been incorporated in Zimbabwe

for 55 years and we intend to survive and grow responsibly for another 55 years."

Markham sees the economy as an important consideration for sustainability. "The most critical aspect at present is the harsh economic environment as a result of the depressed international conditions and complex local economic conditions."

Reporting has helped RioZim keep its focus on important issues. "It has enabled us to remain focused on the need for aspects such as HSE and our communities even in difficult times," says Markham. "We plan to continue growing the company in a manner that is responsible and leaves a sustainable positive impact on our communities."

According to Michael B Gora, Country Manager at ACCA Zimbabwe, reporting is also a significant branding and benchmarking issue. "There is an international move to go green, and for companies that means doing things in a sustainable manner. They need to be seen to do it. They can't wait for the law to ask them to comply."

The Business Council for Sustainable Development Zimbabwe (BCSDZ) is working to support companies working towards this goal. George Foot, BCSDZ Administrator, explains their remit. "One of the BCSDZ's prime objectives is the gathering and sharing of knowledge. Initially the intention was to enhance awareness of the concepts and benefits of sustainability reporting, followed by underlining the increasing international requirements for sustainability reporting, and then followed by moving from awareness to implementation."

Ndamba, Gora and BCSDZ are part of a group of GRI stakeholders that are actively promoting sustainability reporting in Zimbabwe. In early 2011 the BCSDZ held the workshop 'Making a Start on Sustainability Reporting', led by Mr. Seakle Godschalk, a GRI Certified Training Partner from South Africa. It was attended by 40 professionals from different sectors. CÉNÁC arranged formal GRI Certified Training Courses approved for Zimbabwe, as a partnership between CÉNÁC and Environmental Sustainability Solutions of South Africa. The courses, attended by several companies in the industrial, mining and financial service sectors, aimed to build capacity and highlight the importance of sustainability and transparency. As a result of the courses and workshops, interest in sustainability reporting has started to grow in Zimbabwe.

Looking forward, education is high on the agenda in Zimbabwe. As part of an accountants and auditors board, Ndamba is working to introduce reporting into degree programs. "We are planning to host a symposium to introduce sustainability reporting as part of accountancy courses, with the aim of having sustainability reporting in the curriculum," he says.

Ndamba and Gora are involved with Zimbabwe's new 'Publish what you Pay' scheme, which encourages companies to report the payments they make to government. Companies can report these payments by following the GRI Guidelines. According to Gora, "Zimbabwe is adorned with natural resources – gold, platinum and diamond. Who is benefitting? People don't seem to benefit, and multinationals are making money now the prices have gone up. The 'Publish what you Pay' scheme increases transparency around how much money goes back to the government and the people."

As in many other countries, the stock exchange in Zimbabwe has a big role to play in making reporting standard practice. Ndamba and Gora are working with the Zimbabwe Stock Exchange, helping to get sustainability reporting adopted as a listing requirement.

While regulation is awaited, Zimbabwe is also developing a voluntary Corporate Governance Code, which will help influence the sustainability reporting culture.

"We are waiting for a single listing requirement for all stock exchanges in the region, and Zimbabwe is chairing the group in southern Africa," says Gora. "Some exchanges are already practicing reporting. Companies have to start preparing for that, get into the culture and practice to benchmark with other economies like South Africa."

As of 2010, there were no reports from organizations in Zimbabwe listed on the GRI Reports List. However, Ndamba sees that changing in the next year. "We are working with stakeholders in the region and internationally, including experienced reporters in South Africa, to help support local companies. In the coming year, we hope to see some Zimbabwe reports in the GRI Reports List."

As Ndamba recently wrote in the *Financial Gazette*, "Moving forward, sustainability reporting in Zimbabwe cannot be ignored for very long, if we are to attract responsible investors and sustainable capital inflows. It is imperative that companies in Zimbabwe understand that sustainability reporting is great for energy efficiency and waste reduction, and pollution prevention can increase profits."

<http://www.financialgazette.co.zw/comment/5355-voice-of-silent-accounting.html>



Rodney Ndamba and Daisy Kopolo from ACCA, at the CÉNÁC conference in Harare

Emerging economies embrace transparency

Transparency contributes to sustainable development and poverty alleviation, by helping to build a sustainable economy, promoting gender equality, empowering people and protecting workers' rights. Sustainability reporting is key to transparency, and emerging giants are leading the way in reporting as a driver of sustainable development.

GRI works in different countries to support growth and development in the field. With Focal Points in Brazil, China and India, GRI can provide guidance to organizations on a local basis, helping to increase reporting and improve the quality of reports in those areas. 2010/11 was a year of important developments in Brazil, China and India, highlighting the role these countries play in promoting transparency worldwide.

Brazil has taken the lead in improving transparency, according to figures from the GRI Reports List: The number of sustainability reports from organizations in Brazil registered on the List increased 68 percent between 2009 and 2010, compared to 22 percent globally. There was an increase of 68 percent in the number of reports, from 80 in 2009 to 134 in 2010.

According to Glaucia Terreo, Manager of GRI's Focal Point Brazil, "This is great news for organizations and their stakeholders. Brazil is really taking a lead in improving sustainability management, and today's figures reflect this. I look forward to working closely with sustainability reporters and companies that do not yet report in Brazil to make sure this exciting upwards trend continues in the coming years."

While the number of sustainability reporters in Brazil is growing, those driving the reporting agenda still face the biggest challenge of all – increasing uptake, particularly among large companies. Throughout 2011, GRI has been working with the United Nations Principals of Responsible Investment (UNPRI) on the Emerging Markets Disclosure Project (EMDP) in Brazil. Early in the year, the project focused on the ten largest Brazilian companies that have not adopted the use of GRI's Sustainability Reporting Framework. The targeted companies received a letter of encouragement to adopt the GRI Guidelines. Later this year PRI will select another group of ten companies that have used the GRI Framework but still present low levels of environmental, social and governance (ESG) disclosure.

Terreo comments, "Many listed companies in Brazil are afraid to start reporting because it can be a challenge for the organization. It is essential for these companies to understand the importance of reporting on ESG issues.

We are not asking them to do something different, we are asking them to report. PRI's is an important project because it focuses on the most profitable companies in the country. The aim of this project is to create a movement; these large companies have a significant influence on their suppliers, stakeholders and the local market."

Brazilian organizations interested in transparency are highly engaged with GRI and sustainability reporting. In 2010/11, the total number of GRI Organizational Stakeholders in Brazil increased to 40, including stock exchange BM&F BOVESPA and Banco do Brasil. Focal Point Brazil also has a strong social media network – its LinkedIn group has more than 300 active members.

The relevance of reported information is closely linked to country. Because Brazil is showing such growth in reporting, and has many engaged organizations, GRI is developing pilot country-specific guidance. Commentaries and Indicator refinements to the Guidelines will focus GRI's Brazilian National Annex on the most pressing national issues.

Already much of the draft Annex's content is a reminder that sustainability reporting is not just about corporate performance. In Brazil, effective reporting by diverse organizations may greatly influence society and environmental practices. It may change approaches to the sustainability issues deemed important by many Brazilian stakeholders – poverty, environmental harm and corruption. This potential is especially relevant for some of Brazil's non-corporate reporters – like the cities of Jundiai and Rio de Janeiro, both of which have committed to reporting with GRI's Guidelines.

Brazil is also set to host a major global conference in 2012 – the United Nations Conference on Sustainable Development – Rio+20. GRI and its Focal Point Brazil will be involved in organizing and participating in events connected to the conference, contributing on the theme of the Green Economy with sustainability reporting. GRI, in collaboration with a wide range of partner organizations, will call on UN Member States for the development of a global policy framework requiring companies to report their sustainability performance or explain why not.

Regulation is being developed in other emerging economies. GRI's Focal Point India has been talking to the Indian Ministry of Corporate Affairs, as it develops National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business. These guidelines provide a basic framework that may be adopted voluntarily by companies to address the interests of various stakeholders, including employees, customers and investors. Reporting and disclosure are key issues in the Guidelines.

China is also promoting disclosure at a national level. The People's Republic of China Five Year Plan was published in March 2011, with sustainable growth as part of the core strategy. The plan will generate new incentives and pressures for companies, particularly in areas such as energy efficiency and resource intensity. China's State-owned Assets Supervision and Administration Commission

requires state-owned enterprises in China to report, and the Shanghai Stock Exchange recommends sustainability reporting. With its Focal Point China based in Beijing, GRI is working to increase reporting capacity, and support reporters and stakeholders in China. The Focal Point also facilitates an open dialogue about issues, options, and progress, helping local voices to be heard in global development processes.

Brazil, India and China are setting the standard for other countries to follow. By promoting and committing to transparency at a national level, they are also promoting and committing to sustainable development and poverty alleviation. GRI plans to develop its work in these countries even further, to support organizations and make reporting standard practice.



Looking forward

More reporters and better reporting are needed if all organizations are to transition successfully to responsible and accountable practices. The pioneering work of progressive organizations has laid the foundations of this process. Such pioneers have beaten down the path towards a sustainable global economy; in an experimental spirit, they have established the necessity, relevance and value of sustainability reporting.

But the experimental phase of sustainability reporting is over. The path is open: it needs to be kept open by many more travelers deciding on taking this direction. This is necessary for the sustainability of our societies, for markets to be effective, and for companies to thrive in a world where sustainability challenges are changing the transaction between people, planet and profit.

Like all moments of great change, need and opportunity can now combine to improve the lives and life chances of all. Strength of will, leadership and consensus can make this happen. The first and most basic need is for information; and so effective reporting has a crucial role to play in the transition to a sustainable global economy. As a mainstream business activity, sustainability reporting will help all organizations to measure their performance and manage their impacts, both negative and positive.

GRI will continue its work to make sustainability reporting standard practice by focusing on three key priorities.

The G4 Sustainability Reporting Guidelines

should address the existing and emerging requirements for sustainability data, and continue to enable reporters to provide relevant information to their stakeholders. G4's technical definitions and practical reporting advice should be stronger, broader and clearer, helping reporters, information users and assurance providers.

In a landscape of increasing reporting guidance and increasing reporter buy-in, harmonization is also key. G4 must be compatible with other high quality reporting guidance, avoiding duplication and complication in order for companies to provide the necessary information to the necessary stakeholders.

To support GRI's aim for its guidance to reflect the broadest possible stakeholder input, Public Comment Periods will continue to play a significant role in G4's development. GRI is well aware of the value added by public contributions – the inclusion of the Materiality Principle in the G3 Guidelines was heavily influenced by public feedback. Twice during G4's development, GRI will mobilize its own resources, and those of its partners and supporters, in public calls for input. The outcomes will be communicated, including the actions GRI takes in response.



The next phase in G4's development is a 90-day international Public Comment Period, from August to November 2011. For this first Public Comment Period, events and workshops will be held in countries around the world, potentially including those where there is a GRI Focal Point – Australia, Brazil, China, India and the USA.

The feedback from the Public Comment Period will be analyzed and used in defining scope and recruiting Working Group members. The Working Groups will develop a first draft of G4, which will be available for public comment in 2012. G4's final draft will be influenced by the results of this international public consultation. The final draft will be ready for approval by GRI's governance bodies in late 2012, before the planned launch in May 2013.

Develop and support integrated reporting

The International Integrated Reporting Committee was co-convened in 2010 by GRI, The Prince's Accounting for Sustainability project (A4S) and the International Federation of Accountants (IFAC). Of the various forums for advancing integrated reporting, the IIRC is the most visible and far-reaching, with a membership that includes accountancy and auditing bodies, investors, civil society organizations, and reporting companies. The IIRC is tasked with creating a globally accepted framework for integrated reporting. The combined expertise of its multi-stakeholder

community informs the dialogue to develop the integrated reporting concept and framework.

GRI's Reporting Guidelines offer comprehensive and trusted guidance for sustainability reporting, and are an excellent tool for progressing towards integrated reports. GRI also aims for its Guidelines to be a provider of robust content for the forthcoming integrated reporting framework. GRI is present in the IIRC's Secretariat and Committee, and in its content Working Groups and task forces.

The Report or Explain Campaign Forum is a GRI-hosted convening space for all those who believe that organizations should report their performance or explain why they do not. Governments, regulators, stock exchanges, investors and associations can help information reach a critical mass in the market by asking companies: "Why don't you report?"

GRI believes that there are many ways to do this, for example through smart regulation. Sustainability reporting does not necessarily need to be mandatory: If regulators were to adopt a report or explain policy, companies could still be free to choose what information to disclose. Such an approach could persuade more companies to report rather than to explain why they don't, and provide markets and society with information to judge their performance. GRI will continue to grow and advance the Report or Explain Campaign Forum in the coming year, including at **the Rio+20 Conference** in June 2012.

It is the energy, expertise and experience of all those in GRI's network that will be the most effective way to mainstream sustainability reporting in the coming year. GRI will reach out to, and convene, its network – with a full calendar of events and webinars, new publications, and news communications.

GRI will continue to work towards making reporting standard practice by developing its Certified Training program around the world, and by producing resources for organizations that produce sustainability reports. GRI is also working on a new website, which will help organizations worldwide to access the information and support they need for their reporting. The website is due to launch in late 2011.



Finances

With continued year-on-year growth of reports registered in the GRI Reports List, the growing popularity of services such as Application Level Checks, increased Organizational Stakeholder retention rates, and a rapidly growing number of people that have attended GRI Certified Training courses, GRI is based on increasingly solid grounding.

These activities and deliverables have been managed within the monetary boundaries of the organization. GRI improved on its financial stability by closing the financial year with a surplus of € 126K, achieved on a total income of € 5,474K. The cumulative reserves increased to € 615K by year-end. The net current liquidity ended at € 311K and continuing prudent management in the coming year should lead to the maintenance of the positive net asset position.

Notwithstanding these solid outcomes, the Board and management will continue to monitor GRI's financial position closely, and consult on a regular basis to achieve an optimal balance between the program goals and the need to further strengthen the organization's financial position.

As at 30 June 2011, the Secretariat had a staff of 54 people (53.0 FTE), including volunteers and interns - an increase of two compared to the previous financial year.



INCOME AND EXPENDITURES

	2010-11		2009-10	
	€		€	
Income				
OS income	1,336,766	24.4%	1,051,361	17.5%
Unrestricted donations	814,012	14.9%	381,997	6.4%
Program income	908,409	16.6%	766,206	12.8%
Project income	735,104	13.4%	641,095	10.7%
Support and Services	1,517,071	27.7%	1,094,861	18.3%
Conference	0	0%	1,347,250	22.5%
Readers' Choice Award	0	0%	628,608	10.5%
Other	162,381	3.0%	82,280	1.4%
Income	5,473,743	100.0%	5,993,658	100.0%
Operating expenses				
Personnel costs	2,738,333	50.0%	2,431,515	40.6%
Social security	248,980	4.5%	220,300	3.7%
Office expenses	248,363	4.5%	252,718	4.2%
Operational expenses	258,763	4.7%	249,486	4.2%
Programmatic costs	1,414,072	25.8%	2,333,160	38.9%
General expenses	312,546	5.7%	218,505	3.6%
Depreciation	79,390	1.5%	68,364	1.1%
Total operating expenses	5,300,447	96.8%	5,774,048	96.3%
Operating surplus/(deficit)	173,296	3.2%	219,610	3.7%
Income from interest	4,699	0.1%	1,614	0.0%
Exchange rate gains / (losses)	(14,804)	-0.3%	68	0.0%
Other financial income / (cost)	(30,807)	-0.6%	12,374	0.2%
Other exceptional income / (cost)	(10,233)	-0.2%	(29,500)	-0.5%
Ordinary surplus/(deficit) before taxes	122,151	2.2%	204,166	3.4%
Taxation	0	0.0%	0	0.0%
Ordinary surplus/(deficit) after taxes	122,151	2.2%	204,166	3.4%
Result Participation GRI HK Ltd.	4,086	0.1%	(1,824)	0.0%
Surplus/(deficit) for the year	126,237	2.3%	202,342	3.4%

INCOME BREAKDOWN

	2010-11	
	€	
Organizational Stakeholders		1,336,766
Restricted Program Income Recognized		
Beyond the 3 rd Generation of GRI Guidelines	70,284	
Sustainability Reporting in Emerging Markets	91,352	
Ownership Global South	146,351	
Building Learning Capacity	160,507	
Transparency in the Supply Chain	177,621	
Learning Publications Development	37,088	
Regional Networks	225,206	
<i>Total Restricted Program Income</i>		908,409
Restricted Project Income Recognized		
G3 / G3.1 Development	72,861	
G4 Development	177,935	
(Topic) Research	87,477	
Sector Supplements	364,634	
National Annex Development Pilot	32,197	
<i>Total Restricted Project Income</i>		735,104
Unrestricted Donations		
Governments and International Organizations	814,012	
<i>Total Unrestricted Donations</i>		814,012
Support & Services		
Learning Publications / Brochures	123,862	
Training Partner Certification	442,645	
Software & Tools Certification	171,175	
Reports Registration & Application Level Check	748,668	
Featured Reports	30,721	
<i>Total Support & Services</i>		1,517,071
Other		
In Kind Support (Hardware/Software)	44,636	
Reimbursements, Honorarium and Miscellaneous	117,745	
<i>Total Other</i>		162,381
Total Income		5,473,743

INCOME BY FUNDING SOURCE

	2010-11	2009-10
	€	€
Unrestricted Funds		
Organizational Stakeholders	1,336,766	1,051,361
Governments and International Organizations	814,012	306,997
Corporations	-	-
Foundations	-	75,000
<i>Total Unrestricted</i>	2,150,778	1,433,358
Restricted Program Funds		
Governments and International Organizations	597,097	694,949
Corporations	311,312	71,257
Foundations	-	-
<i>Total Restricted Programs</i>	908,409	766,206
Restricted Project Funds		
Governments and International Organizations	139,945	188,482
Corporations	595,159	452,613
Foundations	-	-
<i>Total Restricted Projects</i>	735,104	641,095
Support and Services	1,517,071	1,094,861
Other	162,381	82,280
Sub -Total	5,473,743	4,017,800
Conference	-	1,347,250
Readers' Choice Award	-	628,608
Total Income	5,473,743	5,993,658

BALANCE SHEET

	June 30th 2011		June 30th 2010	
	€	%	€	%
Fixed assets				
Furniture and IT costs	351,217	12.6%	94,727	3.2%
Equity Investment	2,315	1.0%	1	0.0%
Current assets				
Receivables	1,471,180	52.7%	1,619,076	54.1%
Cash	968,971	34.7%	1,278,517	42.7%
Total	2,793,683	100.0%	2,992,321	100.0%
Reserve Account	614,561	22.0%	488,324	16.3%
Provisions	0	0.0%	1,772	0.1%
Long-term liabilities	50,000	1.8%	100,000	3.3%
Short-term liabilities	2,129,122	76.2%	2,402,225	80.3%
Total	2,793,683	100.0%	2,992,321	100.0%

Annexes

About the Global Reporting Initiative

The Global Reporting Initiative (GRI) produces a comprehensive Sustainability Reporting Framework that is widely used around the world, to enable greater organizational transparency. The Framework, including the Reporting Guidelines, sets out the Principles and Indicators organizations can use to report their economic, environmental, and social performance. GRI is committed to continuously improving and increasing the use of the Guidelines, which are freely available to the public.

Website: www.globalreporting.org

In order to ensure the highest degree of technical quality, credibility and relevance, the Reporting Framework is developed through a consensus-seeking process with multi-stakeholder groups drawn globally from business, civil society, labor and mediating institutions. The GRI network consists of thousands of people from all over the world, who play a range of complementary roles.

History

In 1997, the Coalition for Environmentally Responsible Economies (CERES) in Boston, United States, came up with the concept of a universal framework to measure and report on organizational economic, environmental and social performance. CERES partnered with the United Nations Environment Programme – UNEP – and began a series of stakeholder dialogue and working groups to initiate a process that would lead to the formation of the Global Reporting Initiative as an independent institution. Since then GRI has grown, become a formal collaborating centre of the UN Environment Programme (UNEP), and moved to Amsterdam, where the Secretariat provides services to many organizations and engages with GRI's very large stakeholder network (more than 30,000 people globally).

The first version of the GRI Guidelines (G1) was published in 2000; two years later, at the World Summit on Sustainable Development (WSSD) in Johannesburg, the second version of the Guidelines (G2) was released.

It was also in 2002 that GRI was formally inaugurated at the United Nations and named as a collaborating centre of UNEP. Later that year, GRI relocated to Amsterdam, The Netherlands, and was incorporated as an independent, non-profit organization.

Since then, the Secretariat has remained in Amsterdam from where it is focused on delivering guidance

and guidelines, enabling organizations to produce sustainability reports.

The organization

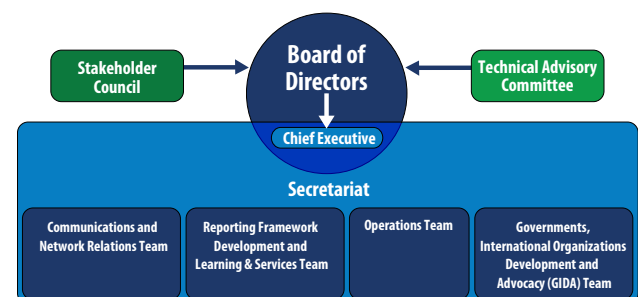
GRI is a large, multi-stakeholder network of thousands of experts, in dozens of countries worldwide, who participate in GRI's working groups and governance bodies, use the GRI Guidelines to report, access information in GRI-based reports, or contribute to developing the Reporting Framework in other ways – both formally and informally.

The structure of GRI's governance bodies

GRI's governance bodies consist of:

Board of Directors

The Board of Directors (the Board) maintains the ultimate fiduciary, financial and legal responsibility for GRI. The Board meets at least twice a year and is the final decision-making authority on Framework developments and organizational strategy. It takes strategic and policy-related advice from the Stakeholder Council, and technical advice from the Technical Advisory Committee. Board Members represent a range of regions and constituencies.



Legend: → Advises

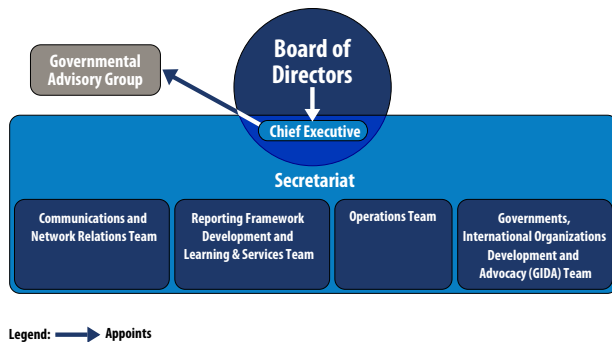
Stakeholder Council

The Stakeholder Council (SC) is GRI's formal stakeholder policy forum, that debates and deliberates key strategic and policy issues. The maximum 60 member SC meets annually, and comprises a balance of stakeholder and geographic constituencies. The SC's key governance functions include approving nominations for the Board of Directors and making strategic recommendations to the Board, such as on future policy or business planning activities. They are also the "eyes and ears" of the GRI network in their diverse locations and constituencies. Stakeholder Council members represent a range of regions and constituencies.

Technical Advisory Committee

The Technical Advisory Committee (TAC) comprises of ten international experts in the fields of the environment, human rights, labor, economics and finance, reporting, and accounting. The TAC oversees the overall quality and coherence of the Framework.

Advisory Group (AG)



Secretariat

The Secretariat is based in Amsterdam, The Netherlands. During the reporting period it was comprised of around

54 staff members. It executes the work plan laid out by the Board on the advice of the SC and the TAC. The Secretariat is led by the Chief Executive, who also serves as a non-voting member of the Board.

Focal Points

In addition to the Secretariat, GRI also has regional representation – Focal Points – in Australia, Brazil, China, India and the USA. The Focal Points aim to promote reporting regionally, bring local voices to the global conversation and provide support to organizations in their countries.

Governmental Advisory Group

Established in 2008, GRI's Governmental Advisory Group is a high-level advisory group whose function is to provide the GRI Board and executives with a direct source of advice from governments. In addition, the Group functions as a platform to exchange ideas and experiences between the members themselves. It is an informal body that is not part of GRI's governance structure, thereby preserving GRI's independence.



The Secretariat, December 2010

Board members 30 June 2011 (14)

Last Name	First Name	Nationality	Constituency
King	Mervyn E.	South Africa	Business
Carreras	Ignasi	Spain	Mediating Institution
Chaukar	Kishor A.	India	Business
Elkington	John	United Kingdom	Mediating Institution
Esdon	Denise	Canada	Mediating Institution
Harrigan	Sean	United States	Labor
Lord Hastings	Michael	United Kingdom	Mediating Institution
Lemmet	Sylvie	France	Mediating Institution
Ligteringen	Ernst R.	Netherlands	Civil Society
Longstaff	Simon	Australia	Civil Society
Mulder	Herman	Netherlands	Business
Normark	Anita	Norway	Labor
Waack	Roberto	Brazil	Civil Society
Wong	Peter	Hong Kong	Mediating Institution

Stakeholder Council members 30 June 2011 (50)

Aharoni	Talia	Israel	Business
Amri	Khairul	Indonesia	Civil Society
Arora	Seema	India	Business
Barton	Helena	Norway	Mediating Institution
Blackburn	William	USA	Mediating Institution
Blesener	Susan Marie	Denmark	Business
Chouhan	Mahendra	India	Civil Society
Coelho Monteiro	Ruth	Brazil	Labor
Cohen	Mark	USA	Civil Society
Darwin	Ali	Indonesia	Mediating Institution
Dubach	Barbara	Switzerland	Business
Erni	Marilou	Philippines	Business
Freundlich	Paul	USA	Civil Society
García-Pintos	Ines Balbás	Spain	Business
Gereluk	Winston	Canada	Labor
Grether	Ana Paula	Brazil	Business
Guo	Peiyuan	China	Mediating Institution
Guttilla	Rodolfo	Brazil	Business
Habbard	Pierre	France	Labor
Hellmann	Marion	Switzerland	Labor
Hua	Bing	China	Business
Ireton	Karin	South Africa	Business
Kakkar	Meenakshi	India	Business
Kane	Constance	USA	Civil Society
Kativu	Douglas	South Africa	Mediating Institution
Knight	Alan	UK	Mediating Institution
Kayal	Alya	USA	Business
Kumar	Neha	India	Mediating Institution
Kwak	Nohyn	Republic of Korea	Mediating Institution
Le Bienvenu	Henri	Peru	Business

Stakeholder Council members 30 June 2011 (50) (Continue)

Last Name	First Name	Nationality	Constituency
Lee	Chong San	Malaysia	Civil Society
Leeson	Robyn	Australia	Civil Society
Legarde Hubo	Colin	Philippines	Mediating Institution
Lessa Brandão	Carlos	Brazil	Mediating Institution
Lyon	Erin	Singapore	Mediating Institution
Mati	Jacob M.	South Africa	Civil Society
Mazeau	Pierre	France	Business
Ndamba	Rodney	Zimbabwe	Civil Society
Noller	Caroline	Australia	Business
Perez-Torreblanca	Eva	United Arab Emirates	Civil Society
Poulter	Julian	Australia	Civil Society
Reyes Iturbide	Jorge Joaquin	Mexico	Mediating Institution
Robinson	Nicholas	UK	Business
Royo	Teresa	Spain	Civil Society
Sen Sarma	Moumita	India	Business
Setubal	Maria Alice	Brazil	Civil Society
Shaw	Eduardo	Uruguay	Business
van der Helm	Giuseppe	Netherlands	Civil Society
White	Heather	USA	Civil Society
Whittaker	Stella	Australia	Mediating Institution

TAC members 30 June 2011 (8)

Cheng	Simeon	Hong Kong	Mediating Institution
Esdon	Denise	Canada	Mediating Institution
Etty	Tom	Netherlands	Labor
Knight	Alan	United Kingdom	Mediating Institution
Nugent	Michael	Australia	Mediating Institution
Russell	David	Switzerland	Business
Taillant	Jorge Daniel	Argentina	Civil Society
Tomita	Hidemi	Japan	Business

GRI Nominating Committee members 30 June 2011 (6)

King	Mervyn E.	South Africa	Business
Ireton	Karin	South Africa	Business
Lessa Brandão	Carlos	Brazil	Mediating Institution
Longstaff	Simon	Australia	Civil Society
Mazeau	Pierre	France	Business
Normark	Anita	Norway	Labor

Framework

GRI's Sustainability Reporting Framework provides guidance for organizations to disclose their sustainability performance. The Framework can be used by organizations of any size or type, and from any sector or geographic region. It facilitates the transparency and accountability of organizations, and helps them provide stakeholders with reports based on universally applicable, comparable guidance. The Framework consists of the G3 and G3.1 Guidelines, Sector Supplements, Indicator Protocols and Technical Protocols. To date, the Framework has been used by thousands of organizations worldwide as the basis for their sustainability reporting.

Translations

GRI's mission is to mainstream sustainability reporting worldwide, and making the Guidelines available in different languages is key to achieving this goal. The G3 Guidelines are currently available in 25 languages, including Spanish, Portuguese, Chinese, Russian and Korean. Translations are coordinated by GRI and sponsored by organizations that wish to support the Guidelines in different languages.

Sector Supplements

Some sectors face specific social and environmental issues, such as animal welfare and resettlement of people. GRI produces Sector Supplements to address these specific issues. Essentially, Sector Supplement are the Reporting Guidelines revised by experts from the sector in order to offer sector-specific guidance, helping to make sector reports more relevant and easier to produce.

Funding

GRI is a registered not-for-profit organization located in Amsterdam, the Netherlands. It relies on the financial and in-kind support of generous contributors from the network who ensure that GRI can deliver on its mission through projects, programs and services. GRI would like to extend thanks to these organizations, which are supporting GRI's mission and helping promote sustainability reporting worldwide.

GRI is supported by its global network in the following ways:

- Support from a large international community of Organizational Stakeholders
- Institutional grants from governments, foundations and international organizations

- Corporate and governmental sponsorships and in kind support for projects and events
- Provision of learning and other services

Organizational Stakeholders

Please refer to GRI's website (www.globalreporting.org) for a listing of the companies and organizations supporting GRI.

Institutional Donors:

Norway Ministry of Foreign Affairs, Sweden Ministry of Foreign Affairs, Swedish International Development Cooperation Agency

Programs:

Banco do Brasil, BP Brasil, Catalunya Chamber of Commerce, Deloitte & Touche, EDP, Ernst & Young, Itaipu, Itau Unibanco, KPMG, Natura, Netherlands Ministry of Foreign Affairs, International Finance Corporation (IFC), Netherlands Ministry of Environment, PricewaterhouseCoopers, Puma, Vale

Projects:

ActionAid International, Alcoa, Alstria REIT, Amnesty International, Archer Daniels Midlands Co., Arup, Athens International Airport, Australian Broadcasting Corp., Austria Ministry of Agriculture, Forestry, Environment and Water Management, BBC, Bertelsmann, BP, British Property Council, Bunge Brazil, Cemex, Citycon, Cordaid, Danisco, Deloitte & Touche, Denver International Airport, Enel, Energias do Brasil, ENI, Ernst & Young, Evolution Philanthropy, Flughafen Frankfurt, Flughafen Munchen, Flughafen Zurich, Ford, Gazprom-Media, General Electric, General Mills, Gesellschaft fur Internationale Zusammenarbeit (GIZ), Goldman Sachs, GPT Group, Green Mountain Coffee Roasters, Greenpeace International, Grupo Antena 3, Hermes, Hess, Holcim, Intel, International Olympic Committee, IUCN, Itau Unibanco, Kellogg, KPMG, Landcom, Lend Lease Co., London Organizing Committee of the Olympic Games (LONOG), Mediaset Espana Comunicacion, Multi Mall Management, Natura, Nestle, Newmont, Novartis, Oxfam International, Petrobras, Plan International, Portland International Airport, PricewaterhouseCoopers, Prologis, RealPac, Reed Elsevier, Rio Tinto, San Diego Regional Airport, Santos SAP, Shell, Smithfield Food, Statoil, Swiss Agency for Development and Cooperation, Switzerland Ministry of Environment, Transport, Energy and Communications, Switzerland Ministry of Foreign Affairs, Terre des Hommes International, The Guardian, Toronto International Airport, Tyson

Foods, UEFA, UKGBC, UNEP, Vancity and Citizens Bank of Canada, Vivendi Universal, Warner Bros. Entertainment, Weyerhaeuser, Wilmar International, Young Seafoods

In kind support

Further to financial contributions, GRI receives 'in kind support' from a variety of organizations who are offering their expertise and/or products for free.

Glossary

Application Level – indicates the proportion of the GRI disclosures that were addressed in the report. Application Level A addresses all profile disclosures, Disclosures on Management Approach and the core Performance Indicators, whereas Level C only requires a selected set of the profile disclosures and ten of the core or additional Indicators to be included.

Assurance – GRI recommends that organizations have their reports assured. There are two levels of external assurance – limited and reasonable – so assurance may not necessarily mean all content has been checked.

CDP – Carbon Disclosure Project.

Corporate governance – the set of processes, laws, and policies that dictate the way an organization is run.

CSR – Corporate Social Responsibility.

DAC countries – those countries assessed by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD) as eligible for receiving Official Development Assistance (ODA) – grants and loans to developing countries, territories, and multilateral organizations to promote economic development and welfare.

ESG report – a report produced by a company or other organization, outlining its environmental, social and governance performance.

Focal Point – a national representation of GRI, located separately from its headquarters in Amsterdam.

G3 – the third generation of the GRI Guidelines.

G3.1 – incremental improvements to the G3 Guidelines, due to be available early 2011.

G4 – the next generation of GRI Guidelines, due to be developed 2011-2012.

GANTSch – Global Action Network for Transparency in the Supply Chain.

GRI – Global Reporting Initiative.

GRI Content Index – an index in a sustainability report based on the GRI Guidelines that enables readers to find particular GRI Indicator Protocols in the report. A report must contain a GRI Content Index to be included in the GRI Reports List.

GTZ – Gesellschaft für Technische Zusammenarbeit.

ISO – International Organization for Standardization.

NGO – Non governmental organization.

OECD – Organisation for Economic Co-operation and Development.

OS – Organizational Stakeholder.

Practitioners' Network – a network of people working in a particular sector. Connected to Guideline and Sector Supplement developments.

SC – Stakeholder Council.

Sector Supplement – sector-specific Sustainability Reporting Guidelines.

TAC – Technical Advisory Committee.

Training Partners – Certified Training Partners are trained by GRI to provide Certified Training courses for reporters all over the world.

UNGC – United Nations Global Compact.

UNEP – United Nations Environment Programme.

Working Group – Working Groups develop new generations of GRI Guidelines, and new Sector Supplements. GRI assembles Working Groups of experts with regional diversity, who represent different stakeholder groups, including business, civil society, labor and investors. The Working Group members volunteer their expertise to develop the guidance.

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