



THE SIGMA GUIDELINES- TOOLKIT

SIGMA GUIDE TO THE GLOBAL REPORTING INITIATIVE
SUSTAINABILITY REPORTING TOOL



Sustainability reporting and the Global Reporting Initiative™

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1 An Introduction to Sustainability Reporting and the Global Reporting Initiative (GRI)

1.1 Sustainability reporting

Timely, credible and consistent information on an organisation's social, environmental and economic performance is a key element in moving towards sustainability. Communities, investors, governments and businesses need reliable information to effectively address the development challenges of the 21st century.

These groups are all asking variations of the same fundamental question: how do we obtain a clear picture of the human and ecological impact of business, so that we can make informed decisions about our investments, purchases and partnerships? Achieving such clarity in reporting holds the promise of delivering value both to business – by providing a critical management tool – and to external stakeholders – by providing timely, relevant and reliable information on the reporting organisation.

External non-financial reporting has not been guided by a widely accepted common framework of regulation, principles and practices as to what should be reported or how and when and where. Moreover, national and sectoral initiatives have produced a diverse range of reporting practices, making comparability, and consistency difficult to achieve.

A number of initiatives from business, government and civil society have been developed to improve the quality and consistency of reporting. Examples include the Public Environmental Reporting Initiative (PERI) reporting guidelines, the World Business Council for Sustainable Development eco-efficiency indicators and the UK Government's Quality of Life (QoL) indicators. More recently, the Global Reporting Initiative (GRI) has developed reporting guidelines for the social, environmental and economic aspects of organisational performance.

This section of the SIGMA Guidelines provides an introduction to the [GRI](#). Full information can be obtained from the GRI, see end of this paper for contact details for GRI. The GRI is a purely voluntary approach – organisations may wish to adopt some or all of the recommendations as appropriate and may wish to use them in combination with other guidelines.

1.2 The Global Reporting Initiative – An Introduction

The GRI was established in late 1997 with the mission of developing globally applicable guidelines for reporting on economic, environmental, and social performance, initially for corporations and eventually for any business, governmental, or non-governmental organisation (NGO). Convened by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP), the GRI

incorporates the active participation of corporations, NGOs, accountancy organisations, governmental representatives, business associations, labour, universities, and other stakeholders from around the world.

The Sustainability Reporting Guidelines were initially released in exposure draft form in March 1999. Revised *Guidelines* were released in June 2000 with a third version released in September 2002 by which point more than 140 companies had prepared reports based on the GRI Guidelines.

In 2002, the GRI was established as a permanent, independent, international body with a multi-stakeholder governance structure. Its core mission will be maintenance, enhancement, and dissemination of the Guidelines through a process of ongoing consultation and stakeholder engagement.

The *GRI Guidelines* provide a framework for reporting that promotes comparability between reporting organisations while recognising the practical considerations of collecting and presenting information across diverse reporting organisations.

In recognising the particular challenges of sustainability reporting for smaller organisations, GRI suggests these organisations may wish to adopt an incremental approach to guideline implementation.

In recognition of the varying level of organisational experience in sustainability reporting, the guidelines offer a range of options from informal use to a more structured use, where a report is prepared 'in accordance'. Organisations wishing to identify their report as prepared 'in accordance' must meet particular requirements¹. This option is particularly aimed at those organisations with strong reporting practices.

2. Using the GRI Sustainability Reporting Guidelines

2.1 Reporting Approach

GRI's reporting approach consists of a series of principles and practices that guide the preparation of organisational level sustainability reports. The GRI's reporting principles are grouped under four clusters: Those that:

- Form the framework for the report (transparency, inclusiveness, auditability);
- Inform decisions about what to report (completeness, relevance, sustainability context);
- Relate to ensuring quality and reliability (accuracy, neutrality, comparability) and
- Inform decisions about access to the report (clarity, timeliness)

2.2 Report Content

The following information is considered integral to GRI-based reports:

1. *Vision and Strategy*

Statements from the CEO or equivalent describing key elements of the report and establishing the organisation's vision and strategy towards sustainability.

2. *Profile of Reporting Organisation*

An overview of the reporting organisation and scope of the report.

3. *Governance Structure and Management System*

An overview of the organisation's governance structure and the management systems in place to implement its vision. A discussion of stakeholder engagement is central to this section.

4. *GRI Contents Index*

The location of the of the main elements of the GRI report are presented in a table.

5. *Performance Indicators*

Covers the organisation's economic, environmental and social performance through the use of qualitative and quantitative indicators as well as supplementary information. The indicators should include the current reporting period, at least two previous periods and a target period.

2.3 Performance measurement

The GRI's Sustainability Reporting Guidelines encompass three linked elements of sustainability relevant to organisations:

Economic: including, for example, wages and benefits, labour productivity, job creation, expenditures on research and development and investments in training and other forms of human capital. The economic element includes, but is not limited to, financial information.

Environmental: including, for example, impacts of processes, products and services on air, water, land, biodiversity and human health.

Social: including, for example, workplace health and safety, employee retention, labour rights, human rights, wages and working conditions at outsourced operations.

In considering the reporting organisation's economic, social and environmental performance (section 5 of the GRI Guidelines), the GRI asks reporters to use both quantitative and qualitative indicators, as well as providing supplementary information. To aid interpretation, reporters are asked to report relevant objectives and programme information alongside raw

data. They are also asked to provide context, management explanations and commentary on trends and unusual events.

Organisations are asked to report information for the current reporting period, at least two previous periods and a target period. Information should be provided in absolute terms, as well as in ratio form whenever this assists communication.

The performance indicators section of GRI has four subsections: environmental, economic, social and integrated.

All indicators are classified as either 'core' or 'additional'. Core indicators are those relevant to most reporting organisations and of interest to most stakeholders. Additional indicators are those with important but less general interest or those for possible inclusion as future core indicators.

GRI has not identified a standardised set of integrated performance indicators and encourages reporters to consult with stakeholders in developing an appropriate set of these indicators to include in their reports. GRI divides integrated performance indicators in two:

- Systemic indicators that link performance at the micro (e.g. organisational) level with economic, social or environmental conditions at the macro (e.g. regional/national/global) level;
- Cross-cutting indicators that bridge information across two or more of the three components of sustainability of an organisation's performance.

3 The GRI Approach: Links to the SIGMA Guidelines

3.1 Introduction

Reporting is a key component of the [SIGMA Management Framework](#) and the GRI offers an approach to reporting that is consistent and complementary with SIGMA's approach to sustainability management. Organisations using the SIGMA Guidelines may, however, adopt alternative reporting approaches.

The GRI Guidelines also offer a set of indicators that can inform the development of continual improvement metrics within the SIGMA Management Framework.

SIGMA complements the GRI Guidelines. It provides the management systems and processes to evaluate and improve on the results presented in GRI reports.

3.2 Linking GRI to the SIGMA Management Framework

SIGMA Phase and sub-phase		Linkage
Leadership and Vision Phase		
LV.3	<u>Communication and training</u>	The GRI emphasis on the importance of stakeholder dialogue, complements this sub-phase which includes identifying and communicating with stakeholders
Planning Phase		
P.1	<u>Performance review</u>	GRI provides a framework for reporting on performance which is a useful input into the SIGMA Performance review. For example, SIGMA Project organisational partner, Vauxhall Motors, has used the GRI Guidelines in this regard. GRI provides a set of commonly agreed core indicators of organisational sustainability, along with potentially important additional indicators. GRI is also developing specific supplements for different industry sectors, and resource documents on specific topics of interest to GRI users e.g. HIV/AIDS
P.4	<u>Strategic planning</u>	By providing a set of performance indicators, the GRI Guidelines help organisations to identify the parameters of capital enhancement.
P.5	<u>Tactical planning</u>	GRI can help organisations to develop a series of performance indicators and measures.
Delivery Phase		
D.1	<u>Change management</u>	GRI highlights emerging consensus around key sustainability issues, across different cultures, regions and types of organisation
D.2	<u>Management programmes</u>	GRI reporting provides an integrated perspective that helps both individuals and the organisation as a whole to identify the key priorities (and gaps) and develop KPI's for these.

Monitor, review and report phase		
MRR.1	<u>Monitoring, measurement, auditing and feedback</u>	GRI provides a set of metrics and a format for organisations to feedback on their performance
MRR.2	<u>Tactical and strategic review</u>	A GRI report is a useful input into tactical and strategic review.
MRR.3	<u>Reporting progress</u>	Through a unique multi-stakeholder process, the GRI is developing a globally applicable framework for reporting an organisation's sustainability performance. The framework presents reporting principles and specific content indicators to guide the preparation of organisation-level sustainability reports.
MRR.4	<u>Assurance of reporting</u>	Annex 4 of the GRI Guidelines includes useful guidance on credibility and assurance.

4. Further information

The GRI can be contacted at:
 Keizersgracht 209
 1016 DT Amsterdam
 The Netherlands

Tel: +31 (0) 20 531 00 00 Fax: +31 (0) 20 531 00 31
<mailto:info@globalreporting.org>
www.globalreporting.org

¹ See GRI, 2002 Guidelines pp 13



About the SIGMA Project

The SIGMA Project - *Sustainability Integrated Guidelines for Management* was launched in 1999 with the support of the UK Department of Trade and Industry (DTI) and is led by:

- British Standards Institution - the leading standards organisation
- Forum for the Future - a leading sustainability charity and think-tank
- AccountAbility - the international professional body for accountability.

The SIGMA project has developed the SIGMA Guidelines and a series of tools to provide clear, practical advice to organisations to enable them to make a meaningful contribution to sustainable development.

The SIGMA Guidelines consist of:

- a set of **Guiding Principles** that help organisations to understand sustainability and their contribution to it.
- a **Management Framework** that integrates sustainability issues into core processes and mainstream decision-making. It is structured into phases and sub-phases.

The SIGMA **Toolkit**, consists of targeted tools and approaches to help with specific management challenges, and case studies explaining how organisations have used the SIGMA Guidelines and Toolkit to tackle real issues.

More information including the full SIGMA Guidelines and the accompanying SIGMA Toolkit are available at: www.projectsigma.com.

