Sustainability Reporting and the GRI Standards

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Nicosia, 12th June 2017
Agenda

- Relevance of Sustainability Reporting
- The Global Reporting Initiative (GRI)
- GRI Sustainability Reporting
- The GRI Standards
  - EU NFR Directive
- GRI GOLD Community
The Sustainability Challenge
The Sustainability Challenge

Need for change

- We need 1.5 Earths
- Climate change evidence
- Basic human rights are still being violated on a large scale
How do you measure sustainability impacts?

Who defines the metrics to measure them?
Relevance of Sustainability Reporting
What is a sustainability report?

A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities.

A sustainability report is the key platform for communicating sustainability performance and impacts – whether positive or negative.
Sustainability reporting can help organizations to measure, understand and communicate their economic, environmental, social and governance performance, and then set goals, and manage change more effectively. Ultimately, it’s about reporting on those sustainability topics where you’re creating significant impacts.
Who should report?

Sustainability reports are released by companies and organizations of all types, sizes and sectors, from every corner of the world.
A 2016 study by Accenture reported that 80% of CEOs surveyed believe that demonstrating a commitment to societal purpose is a differentiator in their business.

68% of 475 institutions state that integration of environmental, social and governance (ESG) credentials has significantly improved returns.

“UPS has followed the GRI Guidelines since 2002 to track and report our sincere commitment to being a sustainability company. The new GRI Standards continue to raise the bar for UPS and other companies to be ever more transparent and help drive positive change throughout the world.” (UPS)

Source: Performing for the future, State Street Global Advisors, 2017
Benefits of Sustainability Reporting

- Vision & strategy
- Management systems
- Employee motivation
- Strengths & weaknesses
- Stakeholder engagement
- Attracting funding
- Competitive advantage
- Reputation & trust

Value of internal changes (internal benefits)
Value of recognition (external benefits)
Internal Benefits

VALUE OF INTERNAL CHANGES (INTERNAL BENEFITS)

Vision & strategy
Management systems
Strengths & weaknesses
Employee motivation
External Benefits

VALUE OF RECOGNITION (EXTERNAL BENEFITS)

- Reputation & trust
- Attracting funding
- Competitive advantage
- Stakeholder engagement
Value of Sustainability Reporting

Opportunities
- Attract investors
- Competitive advantage
- Enhanced reputation & loyalty
- Stakeholder engagement

Risks
- Improve management process
- Attract & retain talent
- Reduce waste, CO₂, water usage
- Government & stock exchange requirements
- Risk management or reduction

Internal

External
The Global Reporting Initiative (GRI)

Who we are
The Global Reporting Initiative (GRI)
Who we are

We help businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues.

These issues span climate change, human rights, anti-corruption and many others.
Our Vision

A future where sustainability is integral to every organization’s decision-making process
Our Mission

“
To empower decision makers everywhere through our sustainability standards and multi-stakeholder network, to take action towards a more sustainable economy and world
"
GRI Standards enhance the global comparability and quality of sustainability information, resulting in greater transparency on economic, environmental and social impacts.

Globally accepted standards create a common language for organizations and stakeholders by which impacts of organizations can be communicated and evaluated.
“The use of Global Reporting Initiative (GRI) Guidelines is almost universal”

78% of the companies that report use or reference GRI Guidelines

82% of the Global 250 companies that report use or reference GRI Guidelines

Over 40,000 Reports in our Database

Reporters in over 90 countries

Number of reports per country since 1999

- 1 - 100
- 101 - 250
- 251 - 500
- 501 - 1000
- 1001 - 1590
Number of Published GRI Reports

1999-2016

10,716 ORG Reports

40,788

2016 not completed

Data from the GRI Sustainability Disclosure Database, retrieved 3 April 2017.
GRI Reports – Top Ten Sectors 2013-2016

Worldwide

Data from the GRI Sustainability Disclosure Database, retrieved 3 April 2017.
44 countries refer to GRI in government policy and capital market regulation.
The GRI Standards
The GRI Standards
EU NFR Directive
**Timelines:** adopted in 2014, in effect since December 2016
First reports (covering 2017) will be issued in 2018.

**Scope:** Large public interest companies with more than 500 employees will disclose information on
- policies, risks and outcomes as regards environmental matters,
- social and employee-related aspects,
- respect for human rights,
- anti-corruption and bribery issues,
- diversity on boards of directors.
Transposition status:

- 7 Member States reference GRI in the transposition
- GRI participated in all national public consultations
- 7 Member States still finalizing the transposition
Purpose: it shows how the GRI Standards can be used to comply with all aspects of the European Directive on the disclosure of non-financial and diversity information.

- The significance of materiality
- Impacts in the value chain
- Exceptions and omissions
- External assurance
- Continuous improvement
## EU Directive Relevant GRI Standards and Disclosures

<table>
<thead>
<tr>
<th>EU Directive</th>
<th>Relevant GRI Standards and Disclosures</th>
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<tr>
<td><strong>GENERAL STATEMENTS</strong></td>
<td></td>
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<tr>
<td>Art. 19a (1)(a): a brief description of the undertaking’s business model;</td>
<td>GRI 102: General Disclosures; Section 1 (Organizational profile) and Section 2 (Strategy)</td>
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| Art. 19a (1): Where the undertaking does not pursue policies in relation to one or more of those matters, the non-financial statement shall provide a clear and reasoned explanation for not doing so. | GRI 101: Foundation; Clause 3.2 (Reasons for omission)  
GRI 103: Management Approach, applied together with topic-specific GRI Standards for each material topic  
- General requirements for reporting the management approach, Clause 1.2 |
| Art. 19a (5): Member States shall ensure that the statutory auditor or audit firm checks whether the non-financial statement referred to in paragraph 1 or the separate report referred to in paragraph 4 has been provided; (6): Member States may require that the information in the non-financial statement referred to in paragraph 1 or in the separate report referred to in paragraph 4 be verified by an independent assurance services provider. Also Art. 20(b). | GRI 102: General Disclosures  
- Disclosure 102-56 (External assurance) |
| Art. 20 (1)(g): a description of the diversity policy applied in relation to the undertaking’s administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, and educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results of its implementation in the reporting period. If no such policy is applied, the statement shall contain an explanation as to why this is the case. | GRI 101: Foundation; Clause 3.2 (Reasons for omission)  
GRI 102: General Disclosures  
- Disclosure 102-22; Composition of the highest governance body and its committees  
- Disclosure 102-24; Nominating and selecting the highest governance body  
GRI 401: Employment  
- Disclosure 401-1; New employee hires and employee turnover  
GRI 405: Diversity and Equal Opportunity  
- Disclosure 405-1; Diversity of governance bodies and employees  
GRI 103: Management Approach, applied together with GRI 401: Employment and GRI 405: Diversity and Equal Opportunity |
GRI GOLD Community
Making it happen together
GRI GOLD Community members are GRI’s core supporters. They are at the heart of the community shaping the future of sustainability and reporting, and empowering decision making towards a more sustainable economy and world.
All types of organization are eligible to join.
Through the GRI GOLD Community, we bring together a global, multi-stakeholder network of organizations committed to demonstrating how greater transparency is a catalyst for change towards a more sustainable economy and world.
Our GOLD Community member in Cyprus and world

600 organizations in over 60 countries across business, academia and inter-governmental agencies
Standards Pioneers
1 Year online program
Thank you

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