



GSSB Global
Sustainability
Standards Board

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Item 03: Draft SRS 101: Foundation Standard **For GSSB Discussion and Feedback**

Date	21 January 2016
Meeting	4 February 2016
Project	Transition to GRI Standards
Description	As part of the move to become a standard setter, the Global Sustainability Standards Board (GSSB) has decided that the G4 Guidelines need to be transitioned to Sustainability Reporting Standards (SRS Standards). This paper presents the draft Foundation Standard, which includes the In-Accordance Criteria and Reporting Principles

Discussion document - This document does not represent an official position of the GSSB

About this version – background for the GSSB

This paper sets out a revised draft of the SRS 101: Foundation Standard, which includes the In Accordance criteria and the Reporting Principles.

This draft has been substantially revised since December based on GSSB feedback and also with input from an external standards-writing expert, who led a workshop with the GRI Standards team in January.

Summary of main changes:

a) Overall Structure: The SRS has been restructured to be more clear and accessible to users, and particularly to reduce confusion related to the In Accordance sections. The new structure is as follows:

- **Introduction** – this includes all mandatory background information (Responsibility for this standard, About the SRSs, Normative References, Effective Date, etc.). A shortened version of this will be included in each SRS. *Note*: There is a placeholder now for a new background section on Sustainable Development and the purpose of sustainability reporting– this content still needs to be developed.
- **About this Standard** – describes what’s in each section of the document, to help readers more easily navigate the document. It also gives a preview of the ‘claims’ (i.e. In Accordance options) that can be made.
- **Using the SRSs for sustainability reporting** – this is a new section which incorporates some of the guidance from the G4 Implementation Manual. This is the real ‘meat’ of the Foundation Standard and sets out the process through which organizations should use the full set of SRSs to prepare sustainability reports. It ties together how organizations are expected to apply the Reporting Principles (found in section 4) and how they are expected to use each category of SRSs.
- **Making claims related to the SRSs** – this is a revised section based on the In Accordance options. Feedback from G4 reports and from our external expert suggested that having the In Accordance section upfront is confusing, especially for new users who aren’t familiar with G4. Outcomes of our standard-writing workshop also suggested that In Accordance criteria should be related more clearly to the ‘claims’ that organizations can make, based on how extensively they have used the SRSs and the number and nature of disclosures made.

This new framing puts more emphasis on organizations following the overall process described in Section 2, rather than getting confused by the In Accordance options from the beginning. Based on how extensively the SRSs have been applied and the number of disclosure requirements made, the organization can then choose to make different categories of ‘claims’ such as “In Accordance: Core”.

- **The Reporting Principles** – this section includes the full set of Principles for Defining Report Content and Quality, along with associated guidance text from G4 Implementation Manual.

b) In-Accordance options (now referred to as ‘claims’): the existing Core and Comprehensive options have been carried through from G4, although both levels now require the reporting organization to comply with the Foundation Standard (and therefore the Reporting Principles). A new claim option

- 40 has been introduced - '**SRS-referenced**'- which applies to anyone using individual SRSs without
41 meeting the In Accordance criteria. *The GSSB is asked to review and comment on the current draft*
42 *criteria for making an 'SRS-referenced' claim (see questions below)*
- 43 c) Requirements vs. guidance: Throughout the document, the distinction between 'requirements' and
44 'guidance' has been clarified, so that users can clearly understand which sections are mandatory and
45 which sections offer background context or examples.
- 46 d) Reporting Principles: Following feedback from the GSSB in December, each Principle is now named
47 separately (e.g., Stakeholder Inclusiveness Principle). However, the principles have been left as-is
48 from G4 with respect to wording – the Standards team has not gone through and rephrased them
49 as 'shall' requirements. Feedback from our external standards-writing expert suggested that it is
50 better practice to allow these to remain as 'principles', and to build any requirements into other
51 sections of the standard, which can then reference the Principles. The related requirements for use
52 of the Principles are now in Section 2 'Using the SRSs for Sustainability Reporting.'
53
- 54 e) Numbering the set of SRSs: This SRS now uses the 'series' numbering system discussed with the
55 GSSB in December. Each category of SRSs has a unique number series (e.g., 101 for the Foundation
56 Standard, 200 for General Disclosures, 400 for Economic Topics, etc.). This system aims to help
57 users distinguish between the different types of SRSs based on the series numbering, once they are
58 familiar with the new system.
- 59 f) Numbering within the SRS: This has been revised based on GSSB input and advice from an external
60 standards-writing expert. Each requirement (clause) is now numbered separately, which will allow
61 future versions to insert or delete clauses without affecting the overall hierarchy. There is a single
62 consistent numbering system within each SRS.

63 *Feedback requested from the GSSB:*

Question 1: General Structure

Overall, do you agree with the new structure of this SRS? Are there ways we can help users better understand and navigate this document?

Question 2: Applying the Reporting Principles (lines 168-172)

- a) Do you agree that the Foundation Standard should require reporting organizations to apply all the Reporting Principles and to document how they have been applied?
- b) If you agree with a), should a new Indicator (disclosure requirement) be added into the Foundation Standard, which would replace G4-18? Or should G4-18 be expanded to also include the Principles for Defining Report Quality? (currently G4-18 only requires an explanation of how the Report *Content* principles have been applied)

Question 3: SRS-referenced claims (lines 279-280): Do you agree with the draft proposed criteria for organizations wishing to make an 'SRS-referenced' claim? If not, what specific amendments would you recommend?

[Question 4: Guidance for Reporting Principles](#) (lines 311 - 695): Are there sections of the guidance related to the Reporting Principles which need to be revised, deleted, or moved into the requirements section?

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65 Sustainability Reporting Standard (SRS) 101:
66 Foundation Standard 2016

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82 **Introduction**

83 **A. About the Sustainability Reporting Standards (SRSs)**

84 The Sustainability Reporting Standards (SRSs) are designed to be used by organizations for reporting
 85 information about their contribution to sustainable development. This means information about key
 86 economic, environmental and social impacts, and other measures of performance.¹

87 *[Will add in here a new infographic (to be developed) showing how the SRSs can be used together]*

88 The SRSs are structured as a set of interrelated standards, and are divided into six sections or series:

Series	Description	Type of disclosures within the SRS
100: Foundational	SRS 101: Foundation is mandatory for any organization using the SRSs and is the entry point for navigating them. SRS 101 describes how organizations should use the SRSs to report sustainability information, sets out the Reporting Principles for determining report quality and content, and specifies the different claims that organizations can make about their use of the SRSs. There are no specific disclosure requirements within the Foundation standard.	Not applicable
200: General Disclosures	Series 200 SRSs set out <i>general disclosures</i> requirements for contextual information about the reporting organization and its sustainability reporting practice. These SRSs include disclosure requirements on the organization’s governance structure, stakeholder engagement approach, and strategy and analysis. They also ask for information about its sustainability report, such as the reporting process.	General disclosures
300: Management Approach	SRS 301: Management Approach sets out <i>management disclosures</i> on the organization’s management approach. This SRS is designed to be applied together with any material topic, including the topic-specific SRSs (Series 400, 500, 600), or other material topics identified by the organization. Applying SRS 301: Management Approach together with each material topic ensures the reporting organization provides a narrative description of how they manage impacts for a given topic, in addition to reporting on the topic-specific disclosure requirements.	Management disclosures
400: Economic Topics	The SRS 400, 500, and 600 series include SRSs on various economic, environmental, and social topics. Each SRS in these series contains specific <i>topic disclosures</i> which relate to that individual topic.	Topic disclosures
500: Environmental Topics	Reporting organizations apply the Principles for Defining Report Content from SRS 101: Foundation to identify which economic, social, or environmental topics are material for their organization. These material topics form the basis for the sustainability report and determine which of the subsequent topic-specific SRSs (Series 400, 500, 600) will be relevant.	
600: Social Topics		

¹ In SRSs, the term ‘sustainability’ is intended to be understood as sustainable development. See the World Commission on Environment and Development. Our Common Future. Oxford: Oxford University Press, 1987, p.43. See also the Glossary in this SRS.

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90 **B. Responsibility for this standard**

91 This GRI Sustainability Reporting Standard (SRS) is issued by the Global Sustainability Standards Board
92 (GSSB). It is part of the set of GRI Sustainability Reporting Standards, or SRSs. The GSSB is an
93 independent standard-setting body created by GRI.² It has responsibility for setting globally-accepted
94 sustainability reporting standards, according to a due process. More information on GRI's standard-
95 setting process can be found [here](#).

96

97 **C. Scope**

98 SRS 101: Foundation is the entry point for using the set of SRSs to compile and report sustainability
99 information. Sustainability information refers to information on topics³ and organizational characteristics
100 that are considered vital for understanding an organization's contribution to sustainable development.
101 This SRS is also intended to ensure that the information reported using SRSs is meaningful and of high
102 quality.

103 SRS 101 is applicable to organizations of any size, type, sector, or geographic location. This standard:

- 104 • specifies different options for using the set of SRSs, including mandatory criteria for developing
105 sustainability reports that are considered to be In Accordance with the SRSs
- 106 • introduces the Reporting Principles, which underpin the practice of sustainability reporting and
107 guide choices on which information to report and how

108 It is important that organizations are familiar with SRS 101: Foundation before using any of the other
109 SRSs.

110

111 **D. Normative References**

112 SRS 101: Foundation needs to be applied with the following normative documents:

- 113 • SRS Glossary of Terms

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115 **E. Effective Date**

116 This SRS is effective as of [DATE].

² This document, designed to promote sustainability reporting, has been developed through a unique multi-stakeholder consultative process involving representatives from organizations and report information users from around the world. While the GRI Board of Directors encourage use of the Sustainability Reporting Standards (SRSs) by all organizations, the preparation and publication of reports based fully or partially on the SRSs is the full responsibility of those producing them. Neither the GRI Board of Directors nor Stichting Global Reporting Initiative can assume responsibility for any consequences or damages resulting directly or indirectly, from the use of the SRSs in the preparation of reports or the use of reports based on the SRSs

³ Where the term 'topic' is used in the SRSs, it is to be understood as a sustainability topic.

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118 **F. Background on Sustainable Development and Sustainability Impacts**

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SRS 101: Foundation Standard

I About this standard

SRS 101: Foundation is the entry point for organizations that wish to use the set of Sustainability Reporting Standards (SRSs) to report sustainability information. The SRSs are designed to be used together as a set of interlinked standards to help organizations to prepare sustainability reports. Although some organizations might choose to use sections of the SRSs individually, the greatest benefit is achieved through using the set of SRSs together to develop a sustainability report that is based on the Reporting Principles and which focuses on material topics.

Section 2 of this standard ('Using the Sustainability Reporting Standards for sustainability reporting') explains how organizations are expected to use the SRSs together as a basis for preparing a sustainability report. This section includes fundamental requirements for organizations on how to apply the Reporting Principles, and how to combine the SRSs together to prepare a sustainability report which focuses on material topics.

Section 3 of this standard ('Making claims related to the Sustainability Reporting Standards') defines the various claims that organizations can make related to their use of the SRSs. Organizations that use the SRSs or their contents to report sustainability information can make three types of claims, depending on the extent to which they have used the SRSs and the number of disclosures made.

Organizations that use the SRSs as an overall framework for preparing sustainability reports, and which meet specific criteria, can make a claim that their sustainability report is **In Accordance** with the SRSs. Declaring that a report has been prepared In Accordance is a public statement of credibility which signals that the report is based on the Reporting Principles and provides adequate disclosures for understanding the nature of the reporting organization, its material impacts, and how these impacts are managed. There are two options for applying the In Accordance criteria: Core and Comprehensive.

Any published materials with content based on the SRSs but which does not meet the In Accordance criteria should include a specific 'SRS-referenced' claim. The various claim options are summarized below, with more detail in section 3.

Claim option	The claim that can be made	What this means
In Accordance: Comprehensive	<i>'This report has been prepared In Accordance with the SRSs: Comprehensive option.'</i>	The sustainability report has been prepared following section 2 of the Foundation Standard ('Using the SRSs for sustainability reporting'), and the organization has reported all the disclosure requirements for the Comprehensive option (refer to table ZZ).
In Accordance: Core	<i>'This report has been prepared In Accordance with the SRSs: Core option.'</i>	The sustainability report has been prepared following section 2 of the Foundation Standard ('Using the SRSs for sustainability reporting'), and the organization has reported all the disclosure requirements for the Core option (refer to table ZZ).
SRS-referenced	<i>This report references [name of the SRS: publication year]; plus a statement explaining how the SRSs have been used.</i>	The sustainability report or other published material uses the SRSs or sections from the SRSs, but does not meet the criteria for In Accordance: Core or Comprehensive.

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- Section 4 of this SRS presents the ten **Reporting Principles**, with additional guidance to help organizations understand and integrate them into their sustainability reporting process. The Reporting Principles are fundamental for helping organizations decide which information to include in a sustainability report and how to ensure the information is of high quality.

<i>Principles for Defining Report Content</i>	<i>Principles for Defining Report Quality</i>
<ul style="list-style-type: none">• Stakeholder Inclusiveness Principle• Sustainability Context Principle• Materiality Principle• Completeness Principle	<ul style="list-style-type: none">• Balance Principle• Comparability Principle• Accuracy Principle• Timeliness Principle• Clarity Principle• Reliability Principle

2 Using the Sustainability Reporting Standards for sustainability reporting

Guidance:

This section sets out how the set of Sustainability Reporting Standards (SRSs) are used by reporting organizations to prepare a sustainability report.

These requirements guide organizations through the process of preparing a sustainability report in which:

- the Reporting Principles have been applied
- disclosures giving contextual information about the organization have been made
- all topics that are material have been reported on

Applying the Reporting Principles

2.1 The reporting organization shall apply all Reporting Principles from section 4 to define report content and quality.

2.1.1 The reporting organization shall document how the Reporting Principles have been applied.

Reporting General Disclosures

2.2 The reporting organization shall report the required disclosures from SRS 201: General Disclosures

Guidance: If the reporting organization wants to make a claim of being In Accordance with the SRSs, there are specific disclosures from the General Disclosures SRSs (Series 200) which need to be reported. These disclosures cover contextual information about the reporting organization and the reporting process.

179 **Identifying and reporting on material topics**

180 2.3 The reporting organization shall define a list of material topics, using the Materiality Principle.

181 2.3.1 The reporting organization shall identify the boundary for each material topic, based on
182 where the impacts occur

183 **Guidance:** A *Boundary* refers to the description of where impacts occur. This includes impacts which the
184 reporting organization causes, contributes to, or is linked to indirectly through its relationships with other entities.
185 Therefore the Boundary for a given topic can include entities within the reporting organization, outside the
186 reporting organization, or both. The list of boundaries for each material topic is reported under General
187 Disclosure XX (formerly G420/21). Refer to section XX of SRS 201 for additional information and guidance on
188 setting Boundaries.

189 2.4 For each material topic which is covered by an existing SRS, the reporting organization shall:

190 2.4.1 report the management disclosures for that topic, using SRS 301: Management Approach

191 2.4.2 report the topic disclosures set out in the SRS for the topic

192 2.5 For each material topic which is not covered by an existing SRS, the reporting organization shall:

193 2.5.1 report the management disclosures for that topic, using SRS 301: Management Approach

194 2.5.2 report other appropriate disclosures for that topic

195 **Guidance:** Appropriate disclosures can include sector-specific or self-developed disclosures. These should be
196 subject to the SRSs' Reporting Principles and have the same technical rigor as topic disclosures in the SRSs.

197 **Documenting reasons for omission**

198 2.6 If a required disclosure cannot be made, the reporting organization shall provide in the
199 sustainability report a reason for omission which includes:

200 2.6.1.1 the specific information which has been omitted

201 2.6.1.2 one of the following explanations as to why the information has been omitted:

202 (a) Not applicable

203 (b) Confidentiality constraints

204 (c) Specific legal prohibitions

205 (d) Unavailability of the data

206 2.6.1.3 Where a disclosure is omitted due to unavailability of the data, the organization shall
207 disclose the steps being taken to obtain the information and the expected timeframe
208 for doing so.

209 **Guidance:**

210 The table below provides additional information to help the reporting organization select the most appropriate
211 reason for omission. Note that reasons for omission do not apply to some required disclosures if the reporting
212 organization wishes to make an 'In Accordance' claim – see table ZZ for further information.

Reason for omission	What this means	What to disclose
Not Applicable	A disclosure requirement - or part of it - is not applicable. This means that it cannot be used by the organization or the results coming from the	Reason why it is considered to be not applicable should be disclosed

Reason for omission	What this means	What to disclose
	report requirements are not relevant to describe the sustainability issue. It also means that the impact measured by an Indicator is so minor as to be insignificant (?)	
Confidentiality Constraints	The information is subject to specific confidentiality constraints	Explanation of those constraints are to be disclosed by the organization
Specific Legal Prohibitions	The existence of specific legal prohibitions	Reference to the specific legal prohibitions
Unavailability of the information	The information is currently unavailable	Disclose the steps being taken to obtain the data and the expected timeframe for doing so

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214 **Reporting required disclosures using references**

- 215 2.1 If the reporting organization reports a required disclosure using a reference to another source
- 216 where the information can be located, the reporting organization shall ensure:
- 217 2.1.1 the reference includes the specific location of the required disclosure
- 218 2.1.2 the referenced information is publicly available and readily accessible

219

220 **Guidance:** *[text from G4 guidelines p13, with minor amendments]*

221 Information related to required disclosures options may already be included in other reports prepared by the
 222 organization, such as its annual report to shareholders or other regulatory or voluntary reports. In these
 223 circumstances, the organization can elect to not repeat those disclosures in its sustainability report and instead add
 224 a reference to where the relevant information can be found.

225 This presentation is acceptable as long as the reference is specific (for example, a general reference to the annual
 226 report to shareholders would not be acceptable, unless it includes the name of the section, table, etc.) and the
 227 information is publicly available and readily accessible. This is likely the case when the sustainability report is
 228 presented in electronic or web based format and links are provided to other electronic or web based reports.

229 *Medium of Reporting*

230 Electronic or web-based reporting and paper reports are appropriate media for reporting. Organizations may
 231 choose to use a combination of web and paper-based reports or use only one medium. For example, an
 232 organization may choose to provide a detailed report on their website and provide an executive summary
 233 including their strategy and analysis and performance information in paper form. The choice will likely depend on
 234 the organization’s decisions on its reporting period, its plans for updating content, the likely users of the report,
 235 and other practical factors, such as its distribution strategy.

236 At least one medium (web or paper) should provide users with access to the complete set of information for the
 237 reporting period.

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242 3 Making claims related to the Sustainability Reporting Standards

243 In Accordance Claims

244 3.1 In order to claim that a sustainability report meets the **In Accordance: Comprehensive**
245 criteria, the reporting organization shall:

246 3.1.1 comply with all process and disclosure requirements for the In Accordance:
247 Comprehensive option, as per Table ZZ

248 3.1.2 include in all published materials that refer to the SRSs the following statement: *'This*
249 *report has been prepared In Accordance with the SRSs: Comprehensive option'*.

250 3.2 In order to claim that a sustainability report meets the **In Accordance: Core** criteria, the
251 reporting organization shall:

252 3.2.1 comply with all process and disclosure requirements for the In Accordance: Core option,
253 as per Table ZZ

254 3.2.2 include in all published materials that refer to the SRSs the following statement: *'This*
255 *report has been prepared In Accordance with the SRSs: Core option'*.

256

257 **Guidance** [revised based on existing text from G4 Guidelines p 11]

258 Organizations that follow the requirements in section 2 of this standard to develop their sustainability report and
259 which complete a specified number of required disclosures can declare that their report is **In Accordance** with
260 the SRSs. The specific criteria required to make these claims can be found in Table ZZ.

261 There are two options for preparing an In Accordance report:

- 262 • The **Core option** contains the essential elements of a sustainability report. The Core option provides the
263 background against which an organization communicates the impacts of its economic, environmental and social
264 and governance performance.
- 265 • The **Comprehensive option** builds on the Core option by requiring additional information on the
266 organization's strategy and analysis, governance, and ethics and integrity. In addition, the organization is
267 required to communicate its performance more extensively by reporting all disclosure requirements for each
268 identified material topic.

269 The options do not relate to the quality of the report or to the performance of the organization. They reflect the
270 compliance of the organization's sustainability report with the SRSs. The focus of both options is on the process
271 of identifying **material topics**. Material topics are those that reflect the organization's significant economic,
272 environmental and social impacts; or substantively influence the assessments and decisions of stakeholders.

273 Regardless of its level of experience in sustainability reporting, an organization should choose the option that best
274 meets its reporting needs and, ultimately, enables it to meet its stakeholders' information needs.

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279 **Table ZZ: Criteria for making claims related to the Sustainability Reporting Standards**

		Type of claim		
		In Accordance: Core claim	In Accordance: Comprehensive claim	SRS-referenced claim
Claim that can be made about the use of the SRSs		<i>'This report has been prepared In Accordance with the SRSs: Core option'</i>	<i>'This report has been prepared In Accordance with the SRSs: Comprehensive option'</i>	<i>'This document references SRS [number]: [Name] [Publication Year]'; plus an explanation of how the SRSs have been used</i>
Requirements to make the claim	SRS: 101: Foundation	Comply with requirements in section 2 ('Using the SRSs for sustainability reporting')	Comply with requirements in section 2 ('Using the SRSs for sustainability reporting')	Required to apply the Principles for Defining Report Quality from section 4.2
	SRS 201: General Disclosures	Report all general disclosures <u>except for</u> : 201-12 through 201-17 201-20 <i>[to be updated]</i>	Report <u>all</u> general disclosures	Optional
	301: Management Approach	Report the management disclosures for every material topic identified	Report the management disclosures for every material topic identified	Recommended for every material topic identified
	Topic-specific SRSs (SRS 400, 500, and 600 series), if identified as material.	Report <u>at least one</u> topic disclosure for the material topic	Report <u>all</u> topic disclosures for the material topic	Report at least one topic disclosure for the material topic

280 **Notifying GRI of In Accordance reports**

281 3.3 If the reporting organization makes an In Accordance claim as in 3.1 or 3.2, the organization
 282 shall notify GRI of the release of the report by either:

283 3.3.1 sending a paper or electronic copy of the report, or

284 3.3.2 registering the report in GRI's Sustainability Disclosure Database:
 285 database.globalreporting.org

286 **SRS-referenced claims**

- 287 3.4 If the reporting organization uses the SRSs or their contents to report sustainability information,
288 but does not meet the In Accordance criteria specified in Table ZZ, the reporting organization:
- 289 3.4.1 Shall ensure that any topic-specific SRS (series 400, 500, or 500) is applied together with
290 section 4.2 of the SRS 101: Foundation (Principles for Determining Report Quality)
- 291 3.4.2 Should use SRS 301: Management Approach to report the management approach for a
292 material topic when using any topic-specific SRS (series 400, 500, or 500)
- 293 3.4.3 Shall include in any published material with contents based on the SRSs a statement that:
- 294 3.4.3.1 has the following wording: ‘This document references SRS [number]: [Name]
295 [Publication Year]’, and
- 296 3.4.3.2 clearly explains how the SRSs or their contents have been used

297 **Guidance:**

298 When organizations choose to use individual SRSs without meeting the In Accordance criteria from Table ZZ, it is
299 still important that the SRSs on specific sustainability topics (i.e., series 400, 500, and 600) are always used together
300 with the Principles on Defining Report Quality and SRS 301: Management Approach.

301 The principles on Defining Report Quality help to ensure that the information reported is accurate and of high
302 quality. [The quality of the information is important for enabling stakeholders to make sound and reasonable](#)
303 [assessments of performance, and take appropriate action.](#)

304 The use of SRS 301: Management Approach is necessary to ensure the reporting organization provides a full
305 picture of how their impacts are being managed for any material topic. Therefore, every topic-specific SRS (series
306 400, 500, or 600) is to be used together with SRS 301: Management Approach. In some cases, topic-specific SRSs
307 require additional information on the management approach for that particular topic.

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310 4 The Reporting Principles

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312 **Guidance:** *[from G4 Implementation Manual]*

313 The Reporting Principles are fundamental to achieving transparency in sustainability reporting and therefore should
314 be applied by all organizations when preparing a sustainability report. The Implementation Manual outlines the
315 required process to be followed by an organization in making decisions consistent with the Reporting Principles.

316 The Principles are divided into two groups: Principles for Defining Report Content and Principles for Defining
317 Report Quality.

318 The Principles for Defining Report Content guide decision to identify what content the report should cover by
319 considering the organization’s activities, impacts, and the substantive expectations and interests of its stakeholders.

320 The Principles for Defining Report Quality guide choices on ensuring the quality of information in the sustainability
321 report, including its proper presentation. The quality of the information is important to enable stakeholders to
322 make sound and reasonable assessments of performance, and take appropriate actions.

323 Each of the Principles consists of a definition, an explanation on how to apply the Principle and tests. The tests are
324 intended to serve as tools for self-diagnosis, but not as specific disclosures to report against.

325

326 4.1 Principles for Defining Report Content

327 Stakeholder Inclusiveness Principle

328 *The organization should identify its stakeholders, and explain how it has responded to their*
329 *reasonable expectations and interests.*

330 GUIDANCE

331 Applying the Principle:

332 Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by
333 the organization’s activities, products, and services; and whose actions can reasonably be expected to affect the
334 ability of the organization to successfully implement its strategies and achieve its objectives. This includes entities
335 or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the
336 organization.

337 Stakeholders can include those who are invested in the organization (such as employees, shareholders, suppliers)
338 as well as those who have other relationships to the organization (such as vulnerable groups within local
339 communities, civil society).

340 The reasonable expectations and interests of stakeholders are a key reference point for many decisions in the
341 preparation of the report. However, not all of an organization’s stakeholders will use the report. This presents
342 challenges in balancing the specific interests and expectations of stakeholders who can reasonably be expected to
343 use the report with broader expectations of accountability to all stakeholders.

344 For some decisions, such as the report Scope or Aspect Boundaries, the organization considers the reasonable
345 expectations and interests of a wide range of stakeholders. There may be, for example, stakeholders who are
346 unable to articulate their views on a report and whose concerns are presented by proxies. There may also be
347 stakeholders who choose not to express views on reports because they rely on different means of communication
348 and engagement.

349 The reasonable expectations and interests of these stakeholders should still be acknowledged in decisions about
350 the content of the report. However, other decisions, such as the level of detail required to be useful to
351 stakeholders, or expectations of different stakeholders about what is required to achieve clarity, may require
352 greater emphasis on those who can reasonably be expected to use the report. It is important to document the
353 processes and approach taken in making these decisions.

354 The process of stakeholder engagement may serve as a tool for understanding the reasonable expectations and
355 interests of stakeholders. Organizations typically initiate different types of stakeholder engagement as part of their
356 regular activities, which can provide useful inputs for decisions on reporting. These may include, for example,
357 stakeholder engagement for the purpose of compliance with internationally recognized standards, or informing
358 ongoing organizational or business processes. In addition, stakeholder engagement may also be implemented
359 specifically to inform the report preparation process. Organizations may also use other means such as the media,
360 the scientific community, or collaborative activities with peers and stakeholders. These means help the
361 organization better understand stakeholders' reasonable expectations and interests.

362 When the process of stakeholder engagement is used for reporting purposes, it should be based on systematic or
363 generally accepted approaches, methodologies, or principles. The overall approach should be sufficiently effective
364 to ensure that stakeholders' information needs are properly understood.

365 It is important that the process of stakeholder engagement is capable of identifying direct input from stakeholders
366 as well as legitimately established societal expectations. An organization may encounter conflicting views or
367 differing expectations among its stakeholders, and may need to be able to explain how it balanced these in reaching
368 its reporting decisions.

369 For the report to be assurable, it is important to document the process of stakeholder engagement. The
370 organization documents its approach for defining which stakeholders it engaged with, how and when it engaged
371 with them, and how engagement has influenced the report content and the organization's sustainability activities.

372 Failure to identify and engage with stakeholders is likely to result in reports that are not suitable, and therefore not
373 fully credible, to all stakeholders. In contrast, systematic stakeholder engagement enhances stakeholder receptivity
374 and the usefulness of the report. Executed properly, it is likely to result in ongoing learning within the organization
375 and by external parties, as well as increase accountability to a range of stakeholders. Accountability strengthens
376 trust between the organization and its stakeholders. Trust, in turn, fortifies report credibility.

377 **Tests:**

- 378 • The organization can describe the stakeholders to whom it considers itself accountable
- 379 • The report content draws upon the outcomes of stakeholder engagement processes used by the
380 organization in its ongoing activities, and as required by the legal and institutional framework in which it
381 operates
- 382 • The report content draws upon the outcomes of any stakeholder engagement processes undertaken
383 specifically for the report
- 384 • The stakeholder engagement processes that inform decisions about the report are consistent with the
385 Scope and Aspect Boundaries

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Sustainability Context Principle

The report should present the organization’s performance in the wider context of sustainability.

GUIDANCE

Applying the Principle:

Information on performance should be placed in context. The underlying question of sustainability reporting is how an organization contributes, or aims to contribute in the future, to the improvement or deterioration of economic, environmental and social conditions, developments and trends at the local, regional or global level. Reporting only on trends in individual performance (or the efficiency of the organization) fails to respond to this underlying question. Reports should therefore seek to present performance in relation to broader concepts of sustainability. This involves discussing the performance of the organization in the context of the limits and demands placed on environmental or social resources at the sector, local, regional, or global level. For example, this can mean that in addition to reporting on trends in eco-efficiency, an organization may also present its absolute pollution loading in relation to the capacity of the regional ecosystem to absorb the pollutant.

This concept is often most clearly articulated in the environmental arena in terms of global limits on resource use and pollution levels. However, it may also be relevant with respect to social and economic objectives such as national or international socio-economic and sustainable development goals. For example, an organization may report on employee wages and social benefit levels in relation to nation-wide minimum and median income levels, and the capacity of social safety nets to absorb those in poverty or those living close to the poverty line.

Organizations operating in a diverse range of locations, sizes, and sectors need to consider how to best frame their overall organizational performance in the broader context of sustainability. This may require distinguishing between topics or factors that drive global impacts (such as climate change) and those that have more regional or local impacts (such as community development). When reporting on topics that have positive or negative local impacts, it is important to provide insight into how the organization affects communities in different locations. Similarly, distinctions may need to be made between trends or patterns of impacts across the range of operations versus contextualizing performance location by location.

The organization’s own sustainability and business strategy provides the context in which to discuss performance. The relationship between sustainability and organizational strategy should be made clear, as should the context within which performance is reported.

Tests:

- The organization presents its understanding of sustainable development and draws on objective and available information as well as measures of sustainable development for the topics covered in the report
- The organization presents its performance with reference to broader sustainable development conditions and goals, as reflected in recognized sectoral, local, regional, or global publications
- The organization presents its performance in a manner that attempts to communicate the magnitude of its impact and contribution in appropriate geographical contexts
- The report describes how sustainability topics relate to long-term organizational strategy, risks, and opportunities, including supply chain topics

427 **The report should cover topics that:**

- 428 • **Reflect the organization's significant economic, environmental and social impacts; or**
- 429 • **Substantively influence the assessments and decisions of stakeholders**

430 **GUIDANCE**

431 **Applying the Principle:**

432 Organizations are faced with a wide range of topics on which they could report. Relevant topics are those that
433 may reasonably be considered important for reflecting the organization's economic, environmental and social
434 impacts, or influencing the decisions of stakeholders, and, therefore, potentially merit inclusion in the report.
435 Materiality is the threshold at which Aspects become sufficiently important that they should be reported. Beyond
436 this threshold, not all material Aspects are of equal importance and the emphasis within a report should reflect the
437 relative priority of these material Aspects.

438 In financial reporting, materiality is commonly thought of as a threshold for influencing the economic decisions of
439 those using an organization's financial statements, investors in particular. The concept of a threshold is also
440 important in sustainability reporting, but it is concerned with a wider range of impacts and stakeholders. Materiality
441 for sustainability reporting is not limited only to those Aspects that have a significant financial impact on the
442 organization.

443 Determining materiality for a sustainability report also includes considering economic, environmental and social
444 impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the
445 needs of future generations. These material Aspects often have a significant financial impact in the short term or
446 long term on an organization. They are therefore also relevant for stakeholders who focus strictly on the financial
447 condition of an organization.

448 A combination of internal and external factors should be used to determine whether an Aspect is material,
449 including factors such as the organization's overall mission and competitive strategy, concerns expressed directly
450 by stakeholders, broader social expectations, and the organization's influence on upstream (such as supply chain)
451 and downstream (such as customers) entities. Assessments of materiality should also take into account the basic
452 expectations expressed in the international standards and agreements with which the organization is expected to
453 comply.

454 These internal and external factors should be considered when evaluating the importance of information for
455 reflecting significant economic, environmental and social impacts, or stakeholder decision making. A range of
456 established methodologies may be used to assess the significance of impacts. In general, 'significant impacts' refer to
457 those that are a subject of established concern for expert communities, or that have been identified using
458 established tools such as impact assessment methodologies or life cycle assessments. Impacts that are considered
459 important enough to require active management or engagement by the organization are likely to be considered to
460 be significant.

461 The report should emphasize information on performance regarding the most material Aspects. Other relevant
462 topics can be included, but should be given less prominence in the report. The process by which the relative
463 priority of Aspects was determined should be explained.

464 In addition to guiding the selection of Aspects to report, the Materiality Principle also applies to the use of
465 Indicators.

466 When disclosing performance data, there are varying degrees of comprehensiveness and detail that could be
467 provided in a report. Overall, decisions on how to report data should be guided by the importance of the
468 information for assessing the performance of the organization, and facilitating appropriate comparisons.

469 Reporting on material Aspects may involve disclosing information used by external stakeholders that differs from
470 the information used internally for day-to-day management purposes. However, such information does indeed
471 belong in a report, where it may inform assessments or decision-making by stakeholders, or support engagement
472 with stakeholders that may result in actions that significantly influence performance or address key topics of
473 stakeholder concern.

474 **Tests:**

475 In defining material Aspects, the organization takes into account the following factors:

- 476 • Reasonably estimable sustainability impacts, risks, or opportunities (such as global warming, HIV-AIDS,
477 poverty) identified through sound investigation by people with recognized expertise, or by expert bodies
478 with recognized credentials in the field
- 479 • Main sustainability interests and topics, and Indicators raised by stakeholders (such as vulnerable groups
480 within local communities, civil society)
- 481 • The main topics and future challenges for the sector reported by peers and competitors
- 482 • Relevant laws, regulations, international agreements, or voluntary agreements with strategic significance to
483 the organization and its stakeholders
- 484 • Key organizational values, policies, strategies, operational management systems, goals, and targets
- 485 • The interests and expectations of stakeholders specifically invested in the success of the organization
486 (such as employees, shareholders, and suppliers)
- 487 • Significant risks to the organization
- 488 • Critical factors for enabling organizational success
- 489 • The core competencies of the organization and the manner in which they may or could contribute to
490 sustainable development

491 **Prioritizing**

- 492 • The report prioritizes material topics and Indicators

493 **FIGURE I Visual representation of prioritization of topics**

494 [Insert Figure I]

495
496 **Completeness Principle**

497 *The report should include coverage of material topics and their Boundaries, sufficient to reflect*
498 *significant economic, environmental and social impacts, and to enable stakeholders to assess the*
499 *organization's performance in the reporting period.*

500 **GUIDANCE**

501 **Applying the Principle:**

502 Completeness primarily encompasses the dimensions of scope, boundary, and time. The concept of completeness
503 may also be used to refer to practices in information collection (for example, ensuring that compiled data includes
504 results from all entities within the organization and entities, groups of entities, or elements outside the
505 organization where significant impact occurs) and whether the presentation of information is reasonable and
506 appropriate. These topics are related to report quality, and are addressed in greater detail under the Principles of
507 Accuracy and Balance.

508 **‘Scope’** refers to the range of sustainability Aspects covered in a report. The sum of the Aspects and Standard
509 Disclosures reported should be sufficient to reflect significant economic, environmental and social impacts. It
510 should also enable stakeholders to assess the organization’s performance. In determining whether the information
511 in the report is sufficient, the organization should consider both the results of stakeholder engagement processes
512 and broad-based societal expectations that may not have surfaced directly through stakeholder engagement
513 processes.

514 **‘Aspect Boundary’** refers to the description of where impacts occur for each material Aspect. In setting the
515 Aspect Boundaries, an organization should consider impacts within and outside of the organization. Aspect
516 Boundaries vary based on the Aspects reported.

517 **‘Time’** refers to the need for the selected information to be complete for the time period specified by the report.
518 As far as practicable, activities, events, and impacts should be presented for the reporting period in which they
519 occur. This includes reporting on activities that produce minimal short- term impact, but which have a significant
520 and reasonably foreseeable cumulative effect that may become unavoidable or irreversible in the longer term (such
521 as bio-accumulative or persistent pollutants). In making estimates of future impacts (both positive and negative),
522 the reported information should be based on well-reasoned estimates that reflect the likely size and nature of
523 impacts. Although such estimates are by nature subject to uncertainty, they provide useful information for
524 decision-making as long as the basis for estimates is clearly disclosed and the limitations of the estimates are clearly
525 acknowledged. Disclosing the nature and likelihood of such impacts, even if they may only materialize in the future,
526 is consistent with the goal of providing a balanced and reasonable representation of the organization’s economic,
527 environmental and social performance.

528 **Tests:**

- 529 • The report takes into account impacts within and outside of the organization, and covers and prioritizes
530 all material information on the basis of the Principles of Materiality, Sustainability Context, and
531 Stakeholder Inclusiveness
- 532 • The information in the report includes all significant impacts in the reporting period, and reasonable
533 estimates of significant future impacts when those impacts are reasonably foreseeable and may become
534 unavoidable or irreversible
- 535 • The report does not omit relevant information that influences or informs stakeholder assessments or
536 decisions, or that reflects significant economic, environmental and social impacts

539 **4.2 Principles for Defining Report Quality**

541 This group of Principles guides choices on ensuring the quality of information in the sustainability report, including
542 its proper presentation. Decisions related to the process of preparing information in a report should be consistent
543 with these Principles. All of these Principles are fundamental to achieving transparency. The quality of the
544 information is important to enable stakeholders to make sound and reasonable assessments of performance, and
545 take appropriate actions.

546 **Balance Principle**

547 *The report should reflect positive and negative aspects of the organization’s performance to*
548 *enable a reasoned assessment of overall performance.*

549 **Guidance:**

550 **Applying the Principle:**

551 The overall presentation of the report’s content should provide an unbiased picture of the organization’s
552 performance. The report should avoid selections, omissions, or presentation formats that are reasonably likely to
553 unduly or inappropriately influence a decision or judgment by the report reader. The report should include both
554 favorable and unfavorable results, as well as information that can influence the decisions of stakeholders in
555 proportion to their materiality. The report should clearly distinguish between factual presentation and the
556 organization’s interpretation of information.

557 **Tests:**

- 558 • The report discloses both favorable and unfavorable results and Aspects
- 559 • The information in the report is presented in a format that allows users to see positive and negative
560 trends in performance on a year-to-year basis
- 561 • The emphasis on the various Aspects in the report is proportionate to their relative materiality

562

563 **Comparability Principle**

564 ***The organization should select, compile and report information consistently. The reported***
565 ***information should be presented in a manner that enables stakeholders to analyze changes in***
566 ***the organization’s performance over time, and that could support analysis relative to other***
567 ***organizations.***

568 **Guidance**

569 **Applying the Principle:**

570 Comparability is necessary for evaluating performance. Stakeholders using the report should be able to compare
571 information reported on economic, environmental and social performance against the organization’s past
572 performance, its objectives, and, to the degree possible, against the performance of other organizations.
573 Consistency in reporting allows internal and external parties to benchmark performance and assess progress as
574 part of rating activities, investment decisions, advocacy programs, and other activities. Comparisons between
575 organizations require sensitivity to factors such as differences in organizational size, geographic influences, and
576 other considerations that may affect the relative performance of an organization. When necessary, report
577 preparers should consider providing context that helps report users understand the factors that may contribute to
578 differences in performance between organizations.

579 In order to facilitate comparability over time, it is important to maintain consistency with the methods used to
580 calculate data; with the layout of the report; and with explaining the methods and assumptions used to prepare
581 information. As the relative importance of an Aspect to a given organization and its stakeholders change over time,
582 the content of reports will also evolve.

583 However, within the confines of the Principle of Materiality, organizations should aim for consistency in their
584 reports over time. An organization should include total numbers (that is, absolute data such as tons of waste) as
585 well as ratios (that is, normalized data such as waste per unit of production) to enable analytical comparisons.

586 When changes occur with the Aspect Boundaries, Scope, length of the reporting period, or content (including the
587 design, definitions, and use of any Indicators in the report), organizations should, whenever practicable, restate
588 current disclosures alongside historical data (or vice versa). This ensures that information and comparisons are
589 both reliable and meaningful over time. When such restatements are not provided, the report should explain the
590 reasons and implications for interpreting current disclosures.

591 **Tests:**

- 592 • The report and the information contained within it can be compared on a year-to-year basis

- The organization’s performance can be compared with appropriate benchmarks
- Any significant variation between reporting periods in the Aspect Boundaries, Scope, length of reporting period, or information covered in the report can be identified and explained
- When they are available, the report utilizes generally accepted protocols for compiling, measuring and presenting information, including the information contained in the GRI Guidelines
- The report uses GRI Sector Disclosures, when available

599 **Accuracy Principle**

600 *The reported information should be sufficiently accurate and detailed for stakeholders to assess*
 601 *the organization’s performance.*

602 **GUIDANCE**

603 **Applying the Principle:**

604 Responses to economic, environmental and social Disclosures on Management Approach and Indicators may be
 605 expressed in many different ways, ranging from qualitative responses to detailed quantitative measurements. The
 606 characteristics that determine accuracy vary according to the nature of the information and the user of the
 607 information. For example, the accuracy of qualitative information is largely determined by the degree of clarity,
 608 detail, and balance in presentation within the appropriate Aspect Boundaries. The accuracy of quantitative
 609 information, on the other hand, may depend on the specific methods used to gather, compile, and analyze data.
 610 The specific threshold of accuracy that is necessary will depend partly on the intended use of the information.
 611 Certain decisions require higher levels of accuracy in reported information than others.

612 **Tests:**

- The report indicates the data that has been measured
- The data measurement techniques and bases for calculations are adequately described, and can be replicated with similar results
- The margin of error for quantitative data is not sufficient to influence substantially the ability of stakeholders to reach appropriate and informed conclusions on performance
- The report indicates which data has been estimated and the underlying assumptions and techniques used to produce the estimates, or where that information can be found
- The qualitative statements in the report are valid on the basis of other reported information and other available evidence

622
 623 **Timeliness Principle**

624 *The organization should report on a regular schedule so that information is available in time for*
 625 *stakeholders to make informed decisions.*

626 **GUIDANCE**

627 **Applying the Principle:**

628 The usefulness of information is closely tied to whether the timing of its disclosure to stakeholders enables them
 629 to effectively integrate it into their decision-making. The timing of release refers both to the regularity of reporting
 630 as well as its proximity to the actual events described in the report.

631 Although a constant flow of information is desirable for meeting certain purposes, organizations should commit to
632 regularly providing a consolidated disclosure of their economic, environmental and social performance at a single
633 point in time. Consistency in the frequency of reporting and the length of reporting periods is also necessary to
634 ensure comparability of information over time and accessibility of the report to stakeholders. It may be of value for
635 stakeholders if the schedules for sustainability reporting and financial reporting are aligned. The organization should
636 balance the need to provide information in a timely manner with the importance of ensuring that the information is
637 reliable.

638 **Tests:**

- 639 • Information in the report has been disclosed while it is recent relative to the reporting period
- 640 • The collection and publication of key performance information is aligned with the sustainability reporting
641 schedule
- 642 • The information in the report (including online reports) clearly indicates the time period to which it relates,
643 when it will be updated, and when the last updates were made

644

645 **Clarity Principle**

646 *The organization should make information available in a manner that is understandable and*
647 *accessible to stakeholders using the report.*

648 **GUIDANCE**

649 **Applying the Principle:**

650 The report should present information in a way that is understandable, accessible, and usable by the organization's
651 range of stakeholders (whether in print form or through other channels). A stakeholder should be able to find
652 desired information without unreasonable effort. Information should be presented in a manner that is
653 comprehensible to stakeholders who have a reasonable understanding of the organization and its activities.
654 Graphics and consolidated data tables may help to make information in the report accessible and understandable.
655 The level of aggregation of information may also affect the clarity of a report, if it is either significantly more or less
656 detailed than stakeholders expect.

657 **Tests:**

- 658 • The report contains the level of information required by stakeholders, but avoids excessive and unnecessary
659 detail
- 660 • Stakeholders can find the specific information they want without unreasonable effort through tables of
661 contents, maps, links, or other aids
- 662 • The report avoids technical terms, acronyms, jargon, or other content likely to be unfamiliar to stakeholders,
663 and should include explanations (where necessary) in the relevant section or in a glossary
- 664 • The data and information in the report is available to stakeholders, including those with particular accessibility
665 needs (such as differing abilities, language, or technology)

666

667 **Reliability Principle:**

668 *The organization should gather, record, compile, analyze and disclose information and processes*
669 *used in the preparation of a report in a way that they can be subject to examination and that*
670 *establishes the quality and materiality of the information.*

671 **GUIDANCE**

672 **Applying the Principle:**

673 Stakeholders should have confidence that a report can be checked to establish the veracity of its contents and the
674 extent to which it has appropriately applied Reporting Principles. The information and data included in a report
675 should be supported by internal controls or documentation that could be reviewed by individuals other than those
676 who prepared the report. Disclosures about performance that are not substantiated by evidence should not
677 appear in a sustainability report unless they represent material information, and the report provides unambiguous
678 explanations of any uncertainties associated with the information.

679 The decision-making processes underlying a report should be documented in a manner that allows the basis of key
680 decisions (such as processes for determining the report content and Aspect Boundaries or stakeholder
681 engagement) to be examined. In designing information systems, organizations should anticipate that the systems
682 could be examined as part of an external assurance process.

683 **Tests:**

- 684 • The scope and extent of external assurance is identified
685 • The original source of the information in the report can be identified by the organization
686 • Reliable evidence to support assumptions or complex calculations can be identified by the organization
687 • Representation is available from the original data or information owners, attesting to its accuracy within
688 acceptable margins of error

689