GRI Second G4 Public Comment Period

OVERVIEW

INTRODUCTION

GRI is issuing, for public comment, an exposure draft of the next generation of its reporting Guidelines (G4). The document will be available for comment from 25 June to 25 September 2012. During this second Public Comment Period, any interested party can provide feedback on specific proposed revisions to the current Guidelines.

This document outlines the G4 project development and the proposed significant changes to the current Guidelines. This document also explains how you can provide comments on the five proposed areas of revision on which GRI is seeking public feedback. Your feedback is essential to assist GRI in achieving the objectives set for G4 (below).

GRI intends to open a complimentary Public Comment Period in August 2012 to gather feedback on proposed updates to two or more of the following thematic topics: Anti-corruption, Biodiversity, Greenhouse Gas (GHG) Emissions and Occupational Health and Safety. More information will be provided at a later date.

BACKGROUND

In September 2010, GRI’s Board of Directors (the Board) approved plans to start developing the next generation of its reporting Guidelines (G4), and set out the following objectives:

- to offer guidance in a user-friendly way, so that new reporters can easily understand and use the Guidelines
- to improve the technical quality of the Guidelines’ content in order to eliminate ambiguities and differing interpretations – for the benefit of reporters and information users alike
- to harmonize as much as possible with other internationally accepted standards
- to improve guidance on identifying ‘material’ issues – from different stakeholders’ perspective – to be included in the sustainability reports
- to offer guidance on how to link the sustainability reporting process to the preparation of an Integrated Report aligned with the guidance to be developed by the International Integrated Reporting Council (IIRC)

In May 2011, GRI began informal external consultations, to understand what was considered to be needed in order to achieve the objectives stated above. Formally, all GRI Reporting Framework development must follow a Due Process, which ensures that all efforts are made to involve and consider the interests of all GRI’s stakeholders (businesses, civil society organizations, financial markets, consultancy services, labor representatives, academics, to name a few).

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1 Informal consultations included a Primer Survey, Call for Topics and a call to register participation in G4. Visit the G4 development process page on GRI’s website to download a copy of these documents.

2 Download a copy of GRI’s Due Process document from the Due Process Reporting Framework page on GRI’s website.
The first Public Comment Period (PCP) for G4 (August to November 2011) was the start of the formal consultation process. It attracted around 2300 participants, 1832 of whom provided a submission via an online survey. Based on the G4 objectives set by the Board of Directors, the results of this consultation and previous informal consultations, the following Working Groups were created to develop revised content for the Guidelines:

- Application Levels
- Boundary
- Disclosure on Management Approach
- Governance and Remuneration
- Supply Chain Disclosure

As defined in the GRI Due Process, Working Groups are formed by the Secretariat, under the direction of the Board and consultation with the Technical Advisory Committee. Selection criteria include expertise, stakeholder diversity, and availability. Proposed revisions to the text of the Guidelines or Protocols are drafted by the Working Groups as outlined under overarching Due Process principles. The Technical Advisory Committee is responsible for reviewing proposals put forth by the Working Groups.

The G4 exposure draft represents the combined efforts, under the direction of the Board (which consults the Stakeholder Council), of the Working Groups, the Secretariat and the Technical Advisory Committee. In addition, a Technical Editing Task Force was created to review the content of the Guidelines and make recommendations to improve their clarity and enhance the consistency of their application. For detailed information, download the G4 Development Process Overview document.

**PROPOSED SIGNIFICANT CHANGES TO THE CURRENT GUIDELINES TO COMMENT**

The proposed significant changes to the current Guidelines are summarized below. At the core of these changes is a focus on materiality – in combination with other reporting principles – in all stages of sustainability reporting, from the identification of the content and boundaries of the report, to the disclosures provided by the organization.

**Application Levels**

The Application Levels were introduced with the launch of the G3 Guidelines to assist organizations in communicating the degree of transparency of their sustainability reports against the Guidelines. This system has served organizations well in allowing them the start of a journey, in most cases on voluntary basis, in sustainability reporting. In recent years, however, concerns have been expressed by different stakeholders that the Application Levels are wrongly understood by some report users to be an opinion on the quality of the report, or even a reflection of the sustainability performance of the organization.

To remedy these concerns and, more importantly, to align with other international disclosure standards, it is proposed that the Application Levels as they presently exist in the G3 and G3.1 Guidelines be discontinued. They will be replaced in G4 by criteria that must be met for an organization to claim that the report has been prepared ‘in accordance with’ G4. In addition, in recognition of the time and effort required to prepare an initial sustainability report, transitional provisions are proposed to allow first time reporters, for two reporting periods, to incrementally apply G4 by disclosing in the report the required information that has been omitted, as well as stating their commitment for the report to be fully in accordance with G4 once the transition period is over.

While G4 is meant to apply to all organizations regardless of size or experience in reporting, GRI recognizes the specific needs of small and medium sized entities (SMEs) and intends to develop supporting guidance and other materials after the launch of G4.

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3 Download a report on the findings from the First Public Comment Period on GRI’s website
Boundary

The process in the existing Technical Protocol Applying the Report Content Principles has been revised to direct organizations on how to define the content and boundaries of a sustainability report in one sequence of process steps, thus to answer the question of what to report. The process begins with the mapping of a value chain(s) and the identification of relevant topics and boundaries, followed by the prioritization of relevant topics as material GRI Aspects, for validation. The outcomes of the process consist of (1) a map of the organization’s value chain, (2) a list of material Aspects (and where the impact occurs within the value chain(s)) and (3) related Standard Disclosures to be included in the sustainability report. The Standard Disclosures include the core indicators which are required to be disclosed by the organization; if a core indicator is not disclosed, the organization is required to explain the reasons why it is not provided.

Disclosure on Management Approach

The Disclosures on Management Approach are intended to provide organizations with an opportunity to explain how they are managing material economic, environmental, and social impacts. The G4 exposure draft outlines a generic approach for all topics and proposes that the Disclosures on Management Approach should be provided at the Aspect level to reflect management practices. However, when a topic is managed at a different level, the Disclosures on Management Approach are reported at that level. That level may be general (applicable to Categories), or more detailed (applicable to Aspects or an organization’s self-defined topics), or specific (applicable to Indicators).

Governance

G4 is proposing a number of changes to governance and remuneration disclosures to strengthen the link between governance and sustainability performance, taking into account the consistency within existing governance frameworks and developments in that field. The proposed changes include new disclosures in the Profile section of the report on the ratio of executive compensation to median compensation, the ratio of executive compensation to lowest compensation and the ratio of executive compensation increase to median compensation.

Supply Chain

New and amended disclosures on the supply chain have been included in G4. They include a new definition of supply chain and of supplier, as well as new disclosures on the supply chain, including procurement practice, screening and assessment as well as remediation. In addition, guidance is now included on how to apply the supply chain reporting requirements.

Structure and format of the G4 Guidelines

Throughout the development of the G4 exposure draft, an editorial review was conducted to improve the clarity and technical quality of the text as well as to facilitate the implementation of the guidelines. One of the changes has been the split of the text in the Indicator Protocols into standard disclosures and guidance, to facilitate the identification of the reporting requirements by organizations and to offer guidance in a user-friendly way.

GRI plans to offer the finally approved G4 content through a web-based platform which will present other user-friendly features.
INTEGRATED REPORTING

One of the objectives of the Board in the development of G4 is to offer guidance on “how to link the sustainability reporting process to the preparation of an integrated report aligned with the guidance to be developed by the International Integrated Reporting Council (IIRC)”. The G4 exposure draft does not include such guidance at this time, as it was not possible to do so due to the differing timelines between the development process of G4 and that of the IIRC’s Integrated Reporting Framework. However, GRI remains committed to provide such guidance in due course.

YOUR OPPORTUNITY TO COMMENT

The second G4 Public Comment Period is open from 25 June to 25 September 2012.

GRI invites the public to provide:
1. General Comments in response to questions GRI is asking about the entire set of changes
2. General Comments in response to questions GRI is asking about specific proposed content
3. Editorial comments on the text in the G4 Exposure Draft

The questions (General Comments) follow this overview. Editorial comments on the text in the G4 Exposure Draft are limited to changes proposed by the G4 working groups. This text is marked up in black and indicates it is for comment. Text in grey is either unchanged, or has been changed as a result of the editorial review (see structure and format of the G4 Guidelines above) and are presented for contextual purposes only. These parts are not for comment.

How to submit your comments

The GRI Consultation Platform is a secure website where you can submit your comments. You will need to register your details and choose a password before you begin. This password and your email address will allow you to enter the site to add to your comments over time. This means you can save your feedback, and return later, until you have said all you want to say. Your comments will remain private until you are ready to submit them to GRI.

Comments are most helpful if they include a rationale for the comments and, where appropriate, make specific suggestions for any proposed changes to wording. Any comments submitted without a rationale and/or that do not relate to the section where the text it is placed (i.e. out of context), will not be considered by GRI.

The GRI Consultation Platform is the easiest and preferred method for you to provide your comments.

Written or email submissions are not ideal, but are accepted. If you choose to provide your comments in this format, you must be as precise as possible in indicating what your comments relate to. Submissions must be received at GRI’s offices by 25 September 2012.

Submissions in languages other than English should be sent via email or by post. The GRI Consultation Platform supports English only.

Email submissions can be sent to: G4@globalreporting.org

Postal submissions can be sent to: G4 Second Public Comment Period, GRI Secretariat, Postbus 10039, 1001 EA Amsterdam, The Netherlands