Welcome to GRI’s Annual Report 2011/12. This Report shows how GRI has performed in the last year – both in managing its own performance, and in having an effect globally through providing guidance and support.

Last year we reported GRI’s program effectiveness – its impact on the wider sustainability community – by using the NGO Sector Supplement, which was developed for NGOs and non-profit organizations. We also produced a Year in Review – an annual report of GRI’s activities and achievements. This year, we are combining the two reports to give a more comprehensive overview of GRI’s performance and impacts, and show the connections between our network, activities and results.

In the last year, the public spotlight has turned to transparency even more: For example, with continuing climate change causing extreme weather events and resulting in increasing food prices, sustainability issues have become even more important for companies worldwide. Sustainability reporting is one way for companies to communicate the way they are dealing with these issues.

More reports, better reporting

GRI’s mission is to make sustainability reporting standard practice. The number of sustainability reports being produced worldwide, and the number of companies disclosing sustainability performance information, continues to grow every year – thousands of organizations around the world use the GRI Guidelines to report their sustainability performance. In their International Corporate Responsibility Reporting Survey 2011, KPMG revealed a significant increase in reporting, with 95 percent of the 250 biggest companies in the world disclosing sustainability performance information in 2011 compared to 80 percent in 2008. According to the survey, 80 percent of these companies that do report such information use the GRI Guidelines.

This evidence suggests a shift in which sustainability reporting is becoming the norm for large companies: the KPMG report concludes that “Corporate responsibility (CR) reporting has become the de facto law for business” and the GRI Guidelines are often referred to as the de facto standard for sustainability reporting. This raises the question of how sustainability reporting will serve markets and society at large, rather than only specific companies.

GRI has four main strategic goals that contribute to the mission:

- Shaping the reporting environment
- Developing new reporting guidance
- Creating awareness and capacity
- Contributing to the development of integrated reporting

GRI’s Board of Directors saw a change of leadership this year – sustainability leader and Worldconnector Herman Mulder was appointed Chairman of GRI’s Board of Directors in November 2011. Professor Menlyn E. King stepped down from his role as Chairman of the Board in October 2011, to become Chairman of the International Integrated Reporting Council (IIRC), and is now GRI’s Chairman Emeritus. GRI thanks Professor King for his service on the Board, pushing the sustainability agenda towards a sustainable economy. The Board of Directors continues to give GRI strategic direction, and this year has seen some major activities under the four strategic goals.

Shaping the reporting environment

Policy and regulation could have a big impact on the uptake of sustainability reporting. In June 2012, world leaders and thousands of representatives from business and civil society joined together at the United Nations Conference on Sustainable Development (Rio+20), where they also discussed how sustainability reporting can serve markets and society, and support sustainable development. GRI attended the Conference, working with several partners to promote a report or explain approach to sustainability reporting – where companies report their performance or explain why they do not.

The Conference resulted in a commitment by governments to encourage sustainability reporting, and GRI is working with the United Nations Environment Programme (UNEP) to support the governments of Brazil, Denmark, France and South Africa as they set down a roadmap for the future.
Developing guidance
GRI’s guidance must meet the information needs of organizations and their stakeholders worldwide: this year has been an important one for the development of the next generation of GRI’s Guidelines – G4. GRI’s multi-stakeholder Due Process for developing guidance means that thousands of people give their time and expertise to make sure the Guidelines are relevant for any organization, of any size, sector or location: seven expert Working Groups, three governance bodies, and a team at the Secretariat have produced draft guidance, and several thousand people have provided input during the process. G4 will be launched at GRI’s Global Conference in May 2013, marking the next step in the transition to a sustainable global economy.

Creating awareness and capacity
With more than 10,000 people trained through GRI’s Certified Training Program, proficiency in sustainability reporting is becoming more widespread. GRI now has 68 Certified Training Partners teaching the reporting process in 26 languages around the world.

GRI’s guidance and resources aim to help improve the quality of reports, and increase capacity. GRI now has ten Sector Supplements, providing guidance through sector-specific versions of the Guidelines. This year GRI launched guidance for the media, oil and gas, construction and real estate, and event organizers sectors. And with many new translations and a newly-launched website, organizations are well supported in their reporting journeys.

Integrated reporting
The future of corporate reporting is the integration of different reporting strands, including financial and sustainability reporting, to ensure a comprehensive understanding of companies’ value creation. An integrated approach is vital to GRI, both because of the financial contribution they make and for the knowledge, feedback and commitment they share. Also key in the network are GRI’s Global Strategic Partners: the Organisation for Economic Cooperation and Development (OECD), UNEP the UN Global Compact, and the International Organization for Standardization (ISO), as well as the many other organizations and frameworks with which GRI’s Guidelines have synergies.

Financials
The financial year 2011/12 continued to be influenced by the after effects of financial crisis and a weakened global economy. However, on a total income of €6.26 million a positive result was recorded, with an operating surplus of €204k. This year’s surplus increased the cumulative surplus of €614k brought forward at the start of the year to €618k by the end of the year. The accumulation of the surplus is considered to be satisfactory at the present stage; however, a further rise remains imperative for the principal objective of a reserve that will cover six months of basic operating expenses.

Relative to budget, there was a shortfall in program income, as some programs were delayed or deferred, but associated program cost savings largely protected the contribution margin. Income from the Organizational Stakeholder program has grown by 14 percent, surpassing the €1.5 million mark for the first time, and remained a robust income stream for the organization. The income from support and services showed consecutive growth and consequently added to the diversity of income streams.

The net current liquidity surplus ended at €594k and continuing prudent management in the coming year should lead to the maintenance of the positive net asset position. The Board and management will continue to monitor GRI’s financial position closely and consult on a regular basis to achieve an optimal balance between program goals and the need to further strengthen the organization’s financial position. Income arising from projects and programs (i.e., grants and sponsorships) will remain a major source of funds inflow for sustaining GRI over the coming year.

This year’s challenges
The context in which GRI operates globally has a big effect on the organization’s performance – in terms of the effectiveness of GRI’s work, its direct impacts on the economy, environment and society, and its financial performance. With the global economy facing continued troubles, putting many companies into financial hardship, the importance of non-financial performance as a reflection of the value of an organization is increasingly top of mind for executives and decision makers.

This year GRI operated in six countries – the Netherlands, Australia, Brazil, China, India and the US – and these diverse environments provide many challenges: keeping up to date with the latest trends and changes in the reporting landscape is vital for GRI.

An on-the-ground presence in these countries is just the beginning: GRI also works in many other regions to build capacity. Reporting is less widely practiced in some countries, including smaller emerging markets and least developed countries, and GRI is committed to increasing its work in these countries as part of its Sustainable Development Strategy. Measuring the direct and indirect effects and impact of sustainability reporting – including its impact on poverty alleviation and sustainable development – will continue to be a challenge. But meeting this challenge will provide GRI with vital information on the outcomes of its work. The extent to which sustainability reporting is a driver for competitiveness domestically and internationally is an important consideration, and one that GRI aims to investigate as part of its Sustainable Development Strategy.

As a provider of sustainability reporting guidance, GRI has to remain neutral: this also presents a challenge. Because of the reporting expertise at GRI, we are approached regularly to comment on sustainability practices and disclosures, and the Application Level system is often mistaken for a grading system for reports. There is also a risk that GRI’s Reporting Framework may be used inappropriately by companies, to mask unsustainable practices or as ‘greenwash’. GRI’s work on G4 aims to address this. A proposed new system to replace Application Levels aims to reinforce GRI’s neutrality, and a focus on materiality will make reports more relevant and reflective of organizations’ performance and stakeholder interests.

GRI: going for goals
Progress has been made on all of GRI’s goals for its own sustainability performance in 2011/12, and many of the goals were met this year. The goals were:

- Develop and implement guidance for Good for Gold – the first smelter to make an impact assessment report.
- Increase the number of GRI’s Organizational Stakeholders – three more women were appointed to the Technical Advisory Committee.
- Implement the Performance Management Methodology (PMM) for all GRI employees.
- Formalize the Sustainability, Procurement, Environmental and Human Resources Policies.
- Achieve a 30 percent increase in training hours per employee.
- Gather and report travel-related data from GRI Focal Points.
- Strive for a more balanced gender representation in the governance bodies.
- Provide training for over 1,000 people globally.
- Maintain a positive net asset position.

Looking ahead
Each of the strategic goals which underpin the mission to make sustainability reporting standard practice brings opportunities and challenges in the short and long term: How will integrated reporting relate to sustainability reporting in the future? Will investors regularly use sustainability performance information? How will GRI secure funding and measure the impact of its guidance?

We want to build on GRI’s success next year, and broaden the scope of our sustainability goals to reflect GRI’s strategic goals and wider impacts on the sustainability and transparency of organizations worldwide.
About this report

GRI’s Annual Report 2011/12 combines two formerly separate GRI reports: its annual sustainability report and its annual activity report, the Year in Review. The reasons for this combination are simple: usability and completeness.

Much of the content in the two reports was complementary. The sustainability report – most recently GRI Inside (and) Out, published in March 2012 – revealed GRI’s sustainability performance. But important aspects of GRI’s impacts – on its partners and supporters, on companies and organizations, on the regions where it operates – were often provided by the Year in Review. People care about GRI’s performance and impacts, and want to know about them. Here they are, in one place.

This Annual Report is not considered to be an integrated report. But GRI is reviewing the future of its own reporting, and will consider whether integrated reporting is relevant and applicable for the organization and its stakeholders in the coming years.

The Annual Report covers the period 1 July 2011 to 30 June 2012. It is based on GRI's G3.1 Sustainability Reporting Guidelines and NGO Sector Supplement, and is also guided by the valuable input of last year’s External Feedback Committee. It discloses the economic, environmental, social and governance performance of GRI’s Secretariat in Amsterdam; and the environmental impacts of travel by members of GRI’s governance bodies, members of the expert Working Groups convened to develop guidance, and the staff of GRI’s regional offices – the Focal Points (from 1 January 2012).

GRI reports in support of its mission and vision – to make GRI reports in support of its mission and vision – to make sustainability standard practice, and achieve a sustainable global economy; and in order to achieve the United Nations-defined goal of sustainable development: “To meet the needs of the present without compromising the ability of future generations to meet their own needs.” The Annual Report also reflects GRI’s use of the precautionary principle; reporting processes are invaluable for identifying impacts, risks and opportunities.

The Annual Report’s content, including the topics identified as material, was decided by the stakeholder engagement exercise carried out last year. In July 2011, GRI surveyed its stakeholders. The results of that engagement remain valid: the feedback from 159 stakeholders was analyzed by GRI’s Sustainability Management and Reporting Team (SMART), which makes recommendations on content to the Executive Management Team. (For a full description of how stakeholders identified material topics, see pages 11-13 of GRI’s sustainability report.

2010/11 – GRI: Inside (and) Out. Final decision making on report content is undertaken by executive management and the Board of Directors. For The Annual Report, the Board – and the Report Advisory Committee, comprised of members of other GRI governance bodies – was closely involved from the first discussions and draft outline.

GRI also follows the three-step process detailed in its Technical Protocol – Applying the Report Content Principles: Identification of topics (based on stakeholder input), Prioritization of topics based on their relevance, and Validation of topics against material GRI Aspects to determine the report’s scope and boundary. Moreover, GRI’s use of the NGO Sector Supplement means there is a sharper focus on its program effectiveness, feedback mechanisms, and joint activities with other actors.

To see the topics that were deemed material, see GRI’s 2010/11 report GRI: Inside (and) Out.

WHO IS THIS ANNUAL REPORT FOR?

• Everyone with an interest in achieving a sustainable economy, environment and society, and with an interest in GRI’s mission
• Sustainability reporting companies and organizations
• GRI’s funders and Organizational Stakeholders
• The Working Group members who make GRI’s guidance fit for purpose
• Regulators and policy makers
• Governments and members of GRI’s Governmental Advisory Group
• GRI’s Strategic Partners – the OECD, UNEP, UN Global Compact and ISO
• GRI’s suppliers, research partners, Data Partners, Certified Training Partners, Focal Point hosts, and providers of GRI Certified Software and Tools
• GRI’s advocacy companions: The Green Economy Coalition, the Corporate Sustainability Reporting Coalition, Report or Explain Campaign Forum members, and the Group of Friends of Paragraph 47
• GRI’s governance body members, Focal Point staff, and Secretariat employees

Want to talk to GRI about the Annual Report? Contact grisownreports@globalreporting.org.
The Annual Report also highlights the efforts and successes of the global network of organizations that report their sustainability performance, and the people who use and work with sustainability data; stories of the international activity that was covered previously in the Year in Review. This includes a summary of the sustainability and reporting landscape globally, and the outcomes of Rio+20; the progress of GRI's regional development of the next generation of Sustainability Reporting Guidelines, G4; the big expansion of stakeholder-driven GRI services, like its training and coaching programs and Guidelines, G4; the development of the next generation of Sustainability Reporting and the outcomes of Rio+20; the progress of GRI's regional summary of the sustainability and reporting landscape globally, was covered previously in the Year in Review with sustainability data; stories of the international activity that sustainable incomes; and increased competitiveness and development goals. These include respect for human rights; helps local organizations to measure performance for specific employers. In the Global South, GRI's Framework and support helps to increase organizational transparency and responsibility. Reporting the use of GRI's Framework and support helps to increase tailored to meet local and regional needs. In all territories, the use of GRI's Framework and support helps to increase organizational transparency and responsibility. Reporting organizations in North America, for example, may use the Framework as part of their avoidance of environmental harm, or to attract high-performing employees by measuring and communicating how progressive and supportive they are as employers. In the Global South, GRI's Framework and support helps local organizations to measure performance for specific development goals. These include respect for human rights; alleviating poverty through the creation of decent work and sustainable incomes; and increased competitiveness and access to international markets and capital. All organizations can use the Framework to track and accelerate their progress towards such goals, to benefit both themselves and the people who are affected by what they do. GRI's authority is the network it belongs to
Thousands of people and organizations engage with GRI globally, and contribute to its work. These stakeholders are the topic experts, the report makers, the report users. They share an interest in the development of sustainability reporting and so commit their time to working with and supporting GRI. Their knowledge and experience in sustainability and organizational reporting helps to make GRI's reporting guidance fit for purpose. Then, in turn – completing the circle – many use and promote GRI's guidance to make their own and other organizations more transparent, more responsible, and more sustainable. They influence everything GRI does; what GRI does influences them. Who are they?

**GRI’S INTERNAL STAKEHOLDERS:**
- Governance bodies: Board of Directors, Stakeholder Council, Technical Advisory Committee
- Secretariat staff members (62 people by 30 June 2012)
- Focal Point staff members

**GRI’S EXTERNAL STAKEHOLDERS:**
- Academic institutions
- Accountancy associations
- Assurance providers for non-financial reports
- Consultants
- Donors and sponsors
- Governmental agencies
- GRI Framework users and other reporting organizations
- Investors, stock exchanges and ratings agencies
- Key information user communities, including non-governmental organizations
- Labor unions
- Organizational Stakeholders – GRI’s core supporters and funders
- Other normative standard setters and framework providers
- Partners for specific activities
- Prospective donors and partners
- Suppliers of goods or services to the Secretariat
- Trade and industrial associations
- Training organizations in the sustainability field

GRI is a not-for-profit organization that produces sustainability reporting guidance.
GRI’s Sustainability Reporting Framework consists of the Reporting Guidelines, sector guidance, and technical protocols. The Framework is provided online as a free public good. It is used by organizations of all sizes, sectors and locations to report their economic, environmental, social, and governance performance and impacts. GRI’s reporting guidance and other publications are developed and published originally in English, with translations available in 25 languages.

As well as producing the Framework, GRI offers support to organizations to help build their sustainability reporting capacity. This support is provided by training, research and guidance publications, services that make reporting simpler and more effective, and network coordination.

Together, these activities are directed towards achieving GRI’s mission to make sustainability reporting standard practice. As a standard practice, sustainability reporting can play a vital role in building and maintaining a sustainable global economy.

GRI is a network-based organization. The people who contribute to its work come from over 60 countries. The GRI Secretariat of 62 employees is based in Amsterdam, Netherlands; its Focal Points (regional offices) are in Australia, Brazil, China, India and the US, and each have one to three employees.

Because of this global presence, GRI’s activities can be tailored to meet local and regional needs. In all territories, the use of GRI’s Framework and support helps to increase organizational transparency and responsibility. Reporting organizations in North America, for example, may use the Framework as part of their avoidance of environmental harm, or to attract high-performing employees by measuring and communicating how progressive and supportive they are as employers. In the Global South, GRI’s Framework and support helps local organizations to measure performance for specific development goals. These include respect for human rights; alleviating poverty through the creation of decent work and sustainable incomes; and increased competitiveness and access to international markets and capital. All organizations can use the Framework to track and accelerate their progress towards such goals, to benefit both themselves and the people who are affected by what they do.

**ANY OTHER BUSINESS**
- There are no specific limitations in the scope or boundary of the Annual Report
- Reporting on joint ventures, subsidiaries, etc., doesn’t apply for GRI
- Any calculations and assumptions are stated under the relevant Performance Indicators
- The re-statements of information are on page 7 (material topics) and for Indicators NGOs and EC2
- The Content Index starts on page 68
- For the Annual Report, GRI has for the first time included selected performance data for its Focal Point staff

**About GRI**
GRI has three governance bodies: the Board of Directors, the Stakeholder Council (SC) and the Technical Advisory Committee (TAC). The bodies comprise a balance of stakeholder constituencies and geographic regions, ensuring that GRI, its guidance and its activities reflect the interests of many different groups, including business, civil society, labor, financial markets, and mediating institutions like consultancies and academic institutions. Governance body members are volunteers.

**The Board of Directors**  
GRI’s Board of Directors has the ultimate responsibility for GRI’s guidance, finances and activity. At 30 June 2012, the Board had 13 non-executive members, plus the Chief Executive.

**Why report?**  
“As a former reporter at ABN Amro Bank, as a report user in my role as an investor, and in assisting GRI in setting Guidelines for comparable, structured transparency, I am absolutely convinced that sustainability reporting is a key driver for change towards a more sustainable future.

Sustainability reporting provides companies with the opportunity to explain what they stand for, what their targets
“...are, and what their performance is, on those issues that matter to the organizations and to society at large.”

Representing society
“Increasingly, companies recognize that there’s a much bigger responsibility and involvement of all other stakeholders – staff, customers, society at large, investors.

If you want stakeholders to get the information they need, you need to create an organization that reflects those interests. And that’s what GRI has been doing since its inception – following a multi-stakeholder process that ensures the Sustainability Reporting Framework reflects the needs and interests of many different stakeholders.”

GRI’s governance and future
“GRI’s Board has essentially three main responsibilities. The first is to maintain and ensure the integrity of GRI’s procedures, including proper functioning and balancing of the various interests that are represented by the organization, in turn reflecting those of society at large. The third is to ensure the financial viability of GRI itself.

The G4 Guidelines are now being developed via GRI’s Due Process. We expect G4 to be approved by the Board in February and officially launched at GRI’s Global Conference in May 2013 in Amsterdam.

GRI is one of the founding fathers of the International Integrated Reporting Committee (IIRC). G4, as the next stage in sustainability reporting, will be an important input document in the integrated reporting framework being developed by the IIRC. GRI is committed to enabling reporting companies to create an integrated report which shows all material issues for the users of such reports.”

Karim Iret, Chairman of the SC:
“The SC brings the voice of diverse individuals who are knowledgeable around key sectors and regions and issues into a place where GRI can access that understanding of sustainability and issues around reporting. We have representatives from all over the world, and from different sectors. Each group is balanced geographically, and by gender – so we have a broad range of views.

In addition the SC has an important governance role – we elect the Board. Nominees are put to the SC for voting, and we ensure the Board representation is balanced and appropriate to GRI’s needs. We also have a role in providing the stakeholder viewpoint to the Board which is advisory; it’s not a binding view, but the Board is obliged to take it into consideration – for example when amending the Guidelines.

I’ve now been involved for a term as an SC member and for nearly three years as Chairman of the SC. I was first involved with GRI through various Working Groups in order to try and shape the Guidelines so they were practical and useful for reporters. I then became Chairwoman – my role is as liaison between the Board and the Secretariat for everything of a technical nature. Because of the TAC’s technical role, membership is quite diverse – people come from many different specialty backgrounds and have technical skills in a number of areas.

The TAC deals with fundamentally technical content in the sense that it works very closely with the Secretariat, reviewing and commenting on documents such as Terms of Reference for Working Groups. We work on new guidance for the GRI Guidelines, review work prepared by Working Groups, challenging some of their conclusions and making recommendations that go for public comment. Then we look at the feedback from the public, and make final recommendations to the Board. The TAC works to ensure that the Guidelines are of the highest quality, that the Due Process has been followed to reflect public interest, and to further the use of the Guidelines by reporters.

I joined GRI’s Board in 2008, and was soon asked to join the TAC. I then became Chairwoman – my role is as liaison between the Board and the TAC. My interest in GRI is from an assurance perspective – my background is in audit and assurance services. I’m interested in how the Guidelines are developed, and in this role I can bring more of my experience in ensuring the Guidelines are consistent, and follow relevant criteria. My hope is that reports prepared using the Guidelines could be assured.”

Denise Edson, Chairwoman of the TAC:
“The TAC was set up to advise GRI’s Board of Directors on matters to be put forward in terms of Guidelines, Sector Supplements and other guidance issued by GRI – we are the liaison between the Board and the Secretariat for everything of a technical nature. Because of the TAC’s technical role, membership is quite diverse – people come from many different specialty backgrounds and have technical skills in a number of areas.

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GRI’s Governance continued

<table>
<thead>
<tr>
<th>Stakeholder Council</th>
<th>Technical Advisory Committee</th>
<th>Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>%</td>
<td>Number</td>
</tr>
<tr>
<td>Business</td>
<td>19</td>
<td>41,3</td>
</tr>
<tr>
<td>CSO</td>
<td>12</td>
<td>26,1</td>
</tr>
<tr>
<td>Mediating Institutions</td>
<td>12</td>
<td>26,1</td>
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<tr>
<td>Labour</td>
<td>3</td>
<td>6,5</td>
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<tr>
<td>Chief Executive (CE does not represent a certain constituency)</td>
<td>1</td>
<td>7,1</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>

The Stakeholder Council
The Stakeholder Council (SC) is GRI’s formal stakeholder policy forum that debates and deliberates key strategic and policy issues. New SC members are elected by GRI’s Organizational Stakeholders (60%) – see page 42 for details – and the SC (40%). The SC’s 46 non-executive members meet at least once a year.
Economic management approach

GRI’s economic policy is based on the fundamental principle of maintaining a multi-stakeholder approach to funding and resources. Moreover, GRI actively engages with those organizations, companies and bodies that are supportive of its mission to make sustainability reporting standard practice; and prioritizes obtaining financial and other resources from these sources.

Responsibility for economic sustainability is with the Director of Operations. As a not-for-profit organization, GRI’s main economic goals have been, and remain, to:

- Ensure financial stability, with at minimum a balanced budget
- Make optimum and prudent use of funds, which come from diverse sources

Specific targets for 2012/13 include:

- Increase financial reserves to progress towards a coverage of six months’ operating expenses
- Increase income
- Maintain diversity in revenue streams: 1/3 Organizational Stakeholder Program, 1/3 governments and foundations, and 1/3 project-based work from diverse sources such as the G4 Consortium

Results against goals set for 2011/12 included:

- The diversity of revenue streams was maintained, with conscientious management
- Income increased by 14 percent. The growth was moderate compared to the target of 43 percent. This target was always ambitious, and income was noticeably impacted by the global economic crisis
- Improve financial reserve: GRI generated a modest surplus that strengthened its financial health

GRI will continue to diversify its revenue streams with new projects and programs. Initiatives in 2011/12 included:

- Expansion of the OS Program and its staffing level; this included hiring speakers of languages other than English, to improve outreach and relationship management
- Increase in regional networks, including the Nordic Network to attract more Nordic-based Organizational Stakeholders
- Re-launch of Global Action Network for Transparency in the Supply Chain as the Business Transparency Program, which broadens and increases the training offered to multinational enterprises, business associations, and chambers of commerce
- Ongoing support of the G4 Consortium
- Seeking sponsorship for the 2013 Global Conference
- Australia Conference held in March 2012, and St Louis Conference in May 2012

PR6: Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. Fundraising activities are conducted in a responsible manner, consistent with the ethical obligations of stewardship and applicable law - accurately describing GRI activities and the intended use of the funds.

GRI does not sell its main products - the documents of the Sustainability Reporting Framework. They are a free public good. During 2011/2012, GRI had no breaches of standards or complaints regarding its fundraising and marketing practices.

Economic Indicators

NGO - EC1: Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

<table>
<thead>
<tr>
<th>Year</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>€5,993,658</td>
<td>€5,473,743</td>
<td>€6,256,355</td>
</tr>
<tr>
<td>Net Income</td>
<td>€5,993,658</td>
<td>€5,473,743</td>
<td>€6,256,355</td>
</tr>
<tr>
<td>Economic Value Distributed</td>
<td>€5,791,316</td>
<td>€5,347,506</td>
<td>€6,052,503</td>
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<tr>
<td>Operating costs</td>
<td>€3,140,988</td>
<td>€2,364,892</td>
<td>€2,779,437</td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>€2,651,816</td>
<td>€2,987,313</td>
<td>€3,275,811</td>
</tr>
<tr>
<td>Total payroll</td>
<td>€5,792,747</td>
<td>€5,314,075</td>
<td>€5,852,248</td>
</tr>
<tr>
<td>Total benefits</td>
<td>€581,069</td>
<td>€673,238</td>
<td>€729,563</td>
</tr>
<tr>
<td>Payments to providers of funds</td>
<td>€(1,488)</td>
<td>€(4,699)</td>
<td>€(2,745)</td>
</tr>
<tr>
<td>Interest payments to providers of loans</td>
<td>€63</td>
<td>€21</td>
<td>€0</td>
</tr>
<tr>
<td>Other payments of interest for debts and borrowings</td>
<td>€(1,551)</td>
<td>€(4,720)</td>
<td>€(2,745)</td>
</tr>
<tr>
<td>Payments to government / Gross taxes</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Community investments</td>
<td>€0</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td>Economic Value Retained</td>
<td>€202,342</td>
<td>€126,237</td>
<td>€203,852</td>
</tr>
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</table>

- The financial year 2011/12 concluded with a balanced execution. GRI generated a modest surplus that strengthened its financial health

<table>
<thead>
<tr>
<th>Significant aggregate financial assistance received from government</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant aggregate financial value</td>
<td>€</td>
<td>€</td>
<td>€</td>
</tr>
<tr>
<td>Tax relief/credits</td>
<td>201,244</td>
<td>83,058</td>
<td>90,168</td>
</tr>
<tr>
<td>Investments grants, research and development grants and other types of grants</td>
<td>1,179,133</td>
<td>1,324,309</td>
<td>925,982</td>
</tr>
</tbody>
</table>

- GRI only receives financial support from governments through investment grants, research and development grants, and other relevant types of grants
- Different governments currently provide financial support: Australia, Germany, Norway, Sweden, Switzerland
- A goal for 2012/13 is to maintain stable support from diverse governmental funders

1 The definitions for the ‘Net Income/Revenue’ items are taken from Indicator Protocol EC1 in the NGO - GRI G3 Guidelines. Includes: Grants, donations, contracts and also sponsorships, specific projects, OS fees, conference fees, training certification fees, publication sale and level check fees.
2 GRI has no dividends to share, nor has it financial shareholders to consider.
3 As a not-for-profit organization, GRI does not make payment to governments or community investment.
4 6,052,503 includes grants from the governments of Norway, Sweden and Switzerland.
5 203,852 is a total of payments to capital providers and governments.
6 GRI could reclaim VAT up to and including December 2008 when net invoice amount was above EUR 225.00. As per 1 January 2009 GRI can only reclaim VAT from certain activities.
7 202,342 includes grants from the governments of Germany, Norway and Switzerland.
### BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>June 30th 2012</th>
<th>June 30th 2011</th>
<th>€</th>
<th>%</th>
<th>€</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and IT costs</td>
<td>238,343</td>
<td>7.80</td>
<td>351,217</td>
<td>12.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Investment</td>
<td>1</td>
<td>0.00</td>
<td>2,315</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>1,281,302</td>
<td>41.90</td>
<td>1,471,180</td>
<td>52.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,538,718</td>
<td>50.30</td>
<td>968,971</td>
<td>34.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,058,364</td>
<td>100.00</td>
<td>2,793,683</td>
<td>100.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve Account</td>
<td>818,413</td>
<td>26.70</td>
<td>614,561</td>
<td>22.00</td>
<td></td>
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<tr>
<td>Provisions</td>
<td>14,282</td>
<td>0.50</td>
<td>0.00</td>
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<tr>
<td>Long-term liabilities</td>
<td>0.00</td>
<td>0.00</td>
<td>50,000</td>
<td>1.80</td>
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<tr>
<td>Short-term liabilities</td>
<td>2,225,669</td>
<td>72.80</td>
<td>2,129,122</td>
<td>76.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,058,364</td>
<td>100.00</td>
<td>2,793,683</td>
<td>100.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### INCOME AND EXPENDITURE FOR THE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2010/11</th>
<th>€</th>
<th>%</th>
<th>€</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from operations</td>
<td>1,523,979</td>
<td>24.40</td>
<td>1,336,766</td>
<td>24.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash from unrestricted donations</td>
<td>927,636</td>
<td>14.80</td>
<td>814,012</td>
<td>14.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program income</td>
<td>398,376</td>
<td>6.40</td>
<td>908,409</td>
<td>16.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project income</td>
<td>1,488,813</td>
<td>23.80</td>
<td>735,104</td>
<td>13.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support and Services</td>
<td>1,771,329</td>
<td>28.30</td>
<td>1,517,071</td>
<td>27.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,256,355</td>
<td>100.00</td>
<td>5,473,743</td>
<td>100.00</td>
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<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel costs</td>
<td>2,974,478</td>
<td>47.50</td>
<td>2,738,333</td>
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<td></td>
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<tr>
<td>Social security</td>
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<td>4.80</td>
<td>248,980</td>
<td>4.50</td>
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<td></td>
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<tr>
<td>Programmatic costs</td>
<td>1,618,405</td>
<td>25.90</td>
<td>1,260,778</td>
<td>23.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office expenses</td>
<td>258,826</td>
<td>4.10</td>
<td>248,363</td>
<td>4.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational expenses</td>
<td>430,893</td>
<td>6.90</td>
<td>412,057</td>
<td>7.50</td>
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<td></td>
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<tr>
<td>General expenses</td>
<td>297,633</td>
<td>4.80</td>
<td>312,546</td>
<td>5.70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>145,771</td>
<td>2.30</td>
<td>79,390</td>
<td>1.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>6,027,339</td>
<td>96.30</td>
<td>5,300,447</td>
<td>96.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating surplus/(deficit)</td>
<td>229,016</td>
<td>3.70</td>
<td>173,296</td>
<td>3.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from interest</td>
<td>2,745</td>
<td>0.00</td>
<td>4,699</td>
<td>0.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange rate gains / (losses)</td>
<td>48,650</td>
<td>0.80</td>
<td>(14,804)</td>
<td>(0.30)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial income / (cost)</td>
<td>(59,963)</td>
<td>(1.00)</td>
<td>(30,807)</td>
<td>(0.60)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other exceptional income / (cost)</td>
<td>0.00</td>
<td>0.00</td>
<td>(10,233)</td>
<td>(0.20)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary surplus/(deficit) before taxes</strong></td>
<td>220,448</td>
<td>3.50</td>
<td>122,151</td>
<td>2.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary surplus/(deficit) after taxes</td>
<td>220,448</td>
<td>3.50</td>
<td>122,151</td>
<td>2.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Result Participation GRI HK Ltd.</td>
<td>(16,596)</td>
<td>(0.20)</td>
<td>4,086</td>
<td>0.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(deficit) for the year</td>
<td>203,852</td>
<td>3.30</td>
<td>126,237</td>
<td>2.30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### NGO7: Resource allocation.

<table>
<thead>
<tr>
<th>2011/12</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Stakeholders</strong></td>
<td>1,523,979</td>
</tr>
<tr>
<td><strong>RESTRICTED PROGRAM INCOME RECOGNIZED</strong></td>
<td></td>
</tr>
<tr>
<td>Sustainability Reporting in Emerging Markets</td>
<td>21,360</td>
</tr>
<tr>
<td>Transparency in the Supply Chain</td>
<td>48,984</td>
</tr>
<tr>
<td>Regional Networks</td>
<td>328,032</td>
</tr>
<tr>
<td><strong>Total Restricted Program Income</strong></td>
<td>398,376</td>
</tr>
<tr>
<td><strong>RESTRICTED PROJECT INCOME RECOGNIZED</strong></td>
<td></td>
</tr>
<tr>
<td>G4 Development</td>
<td>1,163,895</td>
</tr>
<tr>
<td>Research</td>
<td>61,539</td>
</tr>
<tr>
<td>Sector Supplements</td>
<td>258,025</td>
</tr>
<tr>
<td>National Annex Development Pilot</td>
<td>5,354</td>
</tr>
<tr>
<td><strong>Total Restricted Project Income</strong></td>
<td>1,488,813</td>
</tr>
<tr>
<td><strong>UNRESTRICTED DONATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Governments and International Organizations</td>
<td>927,636</td>
</tr>
<tr>
<td><strong>Total Unrestricted Donations</strong></td>
<td>927,636</td>
</tr>
<tr>
<td><strong>SUPPORT AND SERVICES</strong></td>
<td></td>
</tr>
<tr>
<td>Learning Publications / Brochures</td>
<td>99,582</td>
</tr>
<tr>
<td>Training Partner Certification</td>
<td>369,723</td>
</tr>
<tr>
<td>Software &amp; Tools Certification</td>
<td>167,625</td>
</tr>
<tr>
<td>Reports Registration &amp; Application Level Check</td>
<td>1,097,609</td>
</tr>
<tr>
<td>Featured Reports</td>
<td>36,790</td>
</tr>
<tr>
<td><strong>Total Support and Services</strong></td>
<td>1,771,329</td>
</tr>
<tr>
<td><strong>OTHER</strong></td>
<td></td>
</tr>
<tr>
<td>In-kind Support (Hardware/Software)</td>
<td>106,083</td>
</tr>
<tr>
<td>Reimbursements, Honorarium and Miscellaneous</td>
<td>40,139</td>
</tr>
<tr>
<td><strong>Total Other</strong></td>
<td>146,222</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>6,256,355</td>
</tr>
</tbody>
</table>

- GRI complies with Dutch legal accountancy standards and financial report requirements
- GRI’s accounts are audited on an annual basis by Moore Stephens MSN
- Some projects are subject to specific audits, based on funding agreement requirements
- GRI has a Financial Manual that supports project tracking systems
- Time registration sheets are also used to allocate resources

### NGO8: Sources of funding by category and five largest donors and monetary value of their contribution.

#### July 2011/12

<table>
<thead>
<tr>
<th>Source</th>
<th>Monetary value (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governments and International Organizations</td>
<td>998,953</td>
</tr>
<tr>
<td>Corporate and Foundations</td>
<td>3,339,852</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>4,338,806</strong></td>
</tr>
<tr>
<td>Support &amp; Services</td>
<td>1,771,329</td>
</tr>
<tr>
<td>Other</td>
<td>146,221</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,256,355</strong></td>
</tr>
</tbody>
</table>

#### Top largest donors 2011/12

<table>
<thead>
<tr>
<th>Who</th>
<th>What</th>
<th>Amount (€)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swedish International Development Cooperation Agency</td>
<td>Institutional</td>
<td>578,734</td>
<td>9.30</td>
</tr>
<tr>
<td>Norway Ministry of Foreign Affairs</td>
<td>Institutional</td>
<td>273,902</td>
<td>4.40</td>
</tr>
<tr>
<td>KPMG</td>
<td>Programs / Projects / OS</td>
<td>172,030</td>
<td>2.70</td>
</tr>
<tr>
<td>PricewaterhouseCoopers</td>
<td>Programs / Projects / OS</td>
<td>168,856</td>
<td>2.70</td>
</tr>
<tr>
<td>Deloitte &amp; Touche</td>
<td>Programs / Projects / OS</td>
<td>159,666</td>
<td>2.60</td>
</tr>
<tr>
<td>Ernst &amp; Young</td>
<td>Programs / Projects / OS</td>
<td>159,666</td>
<td>2.60</td>
</tr>
<tr>
<td>Natura</td>
<td>Programs / Projects / OS</td>
<td>137,175</td>
<td>2.20</td>
</tr>
<tr>
<td>Shell</td>
<td>Projects / OS</td>
<td>129,547</td>
<td>2.10</td>
</tr>
<tr>
<td>Enel</td>
<td>Projects / OS</td>
<td>123,983</td>
<td>2.00</td>
</tr>
<tr>
<td>General Electric</td>
<td>Projects / OS</td>
<td>123,983</td>
<td>2.00</td>
</tr>
<tr>
<td>Goldman Sachs</td>
<td>Projects / OS</td>
<td>123,983</td>
<td>2.00</td>
</tr>
<tr>
<td>Alcoa</td>
<td>Projects / OS</td>
<td>113,983</td>
<td>1.80</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>2,265,506</strong></td>
<td>36.20</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>2,073,299</td>
<td>33.10</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>4,338,806</strong></td>
<td>69.40</td>
<td></td>
</tr>
<tr>
<td>Support &amp; Services</td>
<td></td>
<td>1,771,329</td>
<td>28.30</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>146,221</td>
<td>2.30</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,917,549</strong></td>
<td>30.60</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,256,355</strong></td>
<td>100.00</td>
<td></td>
</tr>
</tbody>
</table>
The bigger picture

The reporting landscape

Sustainability reporting adds value: thousands of organizations worldwide now report their sustainability performance to improve, save, and profit.

95 percent of the 250 biggest companies in the world report their sustainability performance, with 80 percent of these using the GRI Guidelines, according to an international study released by KPMG in November 2011. The KPMG International Survey of Corporate Responsibility Reporting is the most comprehensive survey of ‘corporate responsibility reporting’ to date, and states that “Corporate responsibility (CR) reporting has become the de facto law for business”.

3400 companies representing the largest 100 companies by revenue in 34 countries, including the largest 250 global companies based on the Fortune Global 500 ranking, were included in the research. 64 percent of the 100 largest companies in the 34 developed and developing countries surveyed by KPMG report their sustainability performance, with 69 percent of these using the GRI Guidelines.

At least 5800 reports published in 2011 are tracked in different online databases, and GRI’s Sustainability Disclosure Database – database.globalreporting.org – shows year-on-year growth of 17-20 percent from 2007 to 2011.

GRI’s Database – an evolution of the GRI Reports List – was launched in November 2011, and has since had more than 35,000 unique visitors. The Database, which is freely available to the public, tracks sustainability reports from around the world, including those based on the GRI Guidelines. People interested in the sustainability performance of companies can use the Database to search by location, sector and name, and can also compare the transparency of different organizations by using the benchmark function.

The Database features reports that are sent to GRI, uploaded by companies directly, and shared by GRI’s Data Partners – organizations that help GRI understand the reporting landscape by collecting reports in their regions. GRI has expanded its Data Partner network this year to cover 110 countries, to ensure that the Database is as complete as possible: The Database does not feature all sustainability reports – only those GRI is aware of.

The number of reports from organizations in developing countries increased by 17.6 percent in 2011 compared to 2010, outpacing non-developing countries in terms of growth.

The largest increase in reports registered on the Database (27 percent) was seen in North America – a region that has previously lagged behind in growth of reporting. Europe – a region that shows consistent growth – also saw a significant increase (15 percent). The number of reports from organizations in Africa also increased significantly (15.4 percent).

Encouraging policy

The encouragement of public policies to increase sustainability reporting by large companies is at the heart of GRI’s policy work: GRI engages with governments, stock exchanges and corporate reporting regulators worldwide to promote transparency and provide the reporting expertise needed to set up policy, regulation and guidance.

Where no public policy on sustainability reporting exists, GRI promotes a report or explain approach to sustainability reporting policy, where companies report their sustainability performance or explain why if they do not. In many cases, this kind of policy can start by focusing on large and listed companies, before being applied to all.

GRI’s Report or Explain Campaign Forum is a convening space for organizations that support a report or explain approach to sustainability reporting policy. With 24 members, the Campaign Forum has seen a growth of more than 50 percent this year.

GRI’s Governmental Advisory Group (Gov Group)

GRI’s Gov Group is a high-level advisory body that provides GRI’s Board and executive management with a direct source of advice from governments. It is an informal body with no constitutional role, thereby preserving GRI’s independence.

The Gov Group enables GRI to better understand governments’ perspectives on their role in sustainability reporting. In turn, it enables governments to benefit from more detailed knowledge of GRI’s work and achievements. The Group also functions as a platform to exchange ideas and experiences between the members themselves; many governments are becoming more active in developing policies for sustainability reporting.

The Gov Group met twice this year – in South Africa in November 2011, and in The Netherlands in March 2012.

GRI reports by region

### CHANGE FROM 2009 TO 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>30.3</td>
</tr>
<tr>
<td>Africa</td>
<td>16.1</td>
</tr>
<tr>
<td>Asia</td>
<td>28.5</td>
</tr>
<tr>
<td>Europe</td>
<td>27.0</td>
</tr>
<tr>
<td>Latin America</td>
<td>48.0</td>
</tr>
<tr>
<td>Northern America</td>
<td>38.4</td>
</tr>
<tr>
<td>Oceania</td>
<td>16.3</td>
</tr>
</tbody>
</table>

### CHANGE FROM 2010 TO 2011

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>11.5</td>
</tr>
<tr>
<td>Africa</td>
<td>15.4</td>
</tr>
<tr>
<td>Asia</td>
<td>0</td>
</tr>
<tr>
<td>Europe</td>
<td>15.0</td>
</tr>
<tr>
<td>Latin America</td>
<td>9.0</td>
</tr>
<tr>
<td>Northern America</td>
<td>27.0</td>
</tr>
<tr>
<td>Oceania</td>
<td>(6.5)</td>
</tr>
</tbody>
</table>

1 Figures are based on GRI’s own research.
The bigger picture continued

Why does GRI work with policy makers?
GRI started to get involved in policy some five years ago, when we realized that without policy sustainability reporting would not become standard practice – we jumped in at the right moment. By forming GRI’s Governmental Advisory Group, senior officials from key countries that have been moving in the field of sustainability reporting policy came together. They had not coordinated very much with other countries, and in discussing sustainability reporting they came together to explore what works in terms of policy.

What has been the year’s biggest highlight?
GRI’s Report or Explain Campaign was an authoritative voice at the Rio+20 Conference, where we teamed up with other coalitions to promote sustainability reporting policy. There was a positive result, with paragraph 47 of the outcome document being endorsed by the heads of state of more than 200 countries.

The big news is that it’s not just individual countries working on policy any more: Now some countries are moving collectively and the UN is taking on a role, promoting sustainability reporting policy and regulation by different countries. One of the positive offshoots of Rio+20 is that the Group of Friends of Paragraph 47 has come together to push this forward – they are already leaders on sustainability reporting policy, and have asked GRI and UNEP to form their secretariat.

Governmental Advisory Group

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cozendey, Carlos Maricio</td>
<td>Secretary for International Affairs, Ministry of Finance</td>
<td>Brazil</td>
</tr>
<tr>
<td>Ervin, Carolyn</td>
<td>Director for Financial and Enterprise Affairs, Directorate for Financial and Enterprise Affairs</td>
<td>OECD</td>
</tr>
<tr>
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TERESA FOGELBERG, DEPUTY CEO, TALKS POLICY DEVELOPMENTS

Why does GRI work with policy makers?
GRI started to get involved in policy some five years ago, when we realized that without policy sustainability reporting would not become standard practice – we jumped in at the right moment. By forming GRI’s Governmental Advisory Group, senior officials from key countries that have been moving in the field of sustainability reporting policy came together. They had not coordinated very much with other countries, and in discussing sustainability reporting they came together to explore what works in terms of policy.

What has been the year’s biggest highlight?
GRI’s Report or Explain Campaign was an authoritative voice at the Rio+20 Conference, where we teamed up with other coalitions to promote sustainability reporting policy. There was a positive result, with paragraph 47 of the outcome document being endorsed by the heads of state of more than 200 countries.

The big news is that it’s not just individual countries working on policy any more: Now some countries are moving collectively and the UN is taking on a role, promoting sustainability reporting policy and regulation by different countries. One of the positive offshoots of Rio+20 is that the Group of Friends of Paragraph 47 has come together to push this forward – they are already leaders on sustainability reporting policy, and have asked GRI and UNEP to form their secretariat.
Policy updates 2011/12

**India:** National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, July 2011. These Guidelines identify the areas where responsible practices need to be adopted, and the accompanying Reporting Framework provides a standard disclosure template which can be used to report performance in these areas.

**Brazil:** BM&FBOESP recommendation for listed companies to provide information on whether they publish a regular sustainability report, or explain why if they do not, January 2012. The São Paulo stock exchange BM&FBOESP says that the implementation of the report or explain model will encourage listed companies to report on environmental, social and governance issues, which will improve sustainability actions and create greater transparency for investors.

**France:** Decree nr. 2012-557 regarding disclosure obligations for companies in social and environmental fields, April 2012. Article 225 of the second Grenelle Act specifies that all listed companies and companies with an annual balance and turnover of 100 million Euros and an average of 500 permanent employees are obliged to disclose certain social and environmental information as well as information relative to societal commitments in favor of sustainable development.

**European Union:** Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, October 2011. One of the eight policy agenda points of A renewed EU strategy 2011-14 for Corporate Social Responsibility covers the improvement of company disclosure of social and environmental information.

**Finland:** Government Resolution on State Ownership Policy, November 2011. Non-listed state-owned companies and state majority-owned companies must report their sustainability performance in an accurate manner, allowing comparison between companies, or explain why not. In the annex to the resolution, there is a corporate responsibility reporting model based on GRI’s G3 and G3.1 Guidelines.

**India:** The Securities Exchange Board of India (SEBI) mandates listed companies to submit Business Responsibility Reports, describing measures taken along the key principles enunciated in the ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business’.

2) https://www.globalreporting.org/network/report-or-explain/initiatives-worldwide/Pages/default.aspx
GRI’s road to Rio+20

A global political commitment to sustainable development


In June 2012 world leaders came together in Rio de Janeiro, with thousands of participants from governments, the private sector, NGOs and other groups, to discuss how to reduce poverty, advance social equity, and ensure environmental protection to move to a sustainable future. GRI worked with many partners to promote sustainability reporting at Rio+20, as the key way for the business sector to contribute to the sustainable development agenda.

Gearing up

In the run up to Rio+20, GRI organized events and attended preparatory meetings in Belgium, Brazil, Colombia, Denmark, France, Kenya, Mexico, The Netherlands, South Africa, and Switzerland, and many UN sessions in New York. GRI held two major ‘explorers’ meetings in February and July, one hosted by The Netherlands, and one hosted by the UN and chaired by Mexico. GRI’s Focal Points in India and Brazil were actively involved in these events.

GRI’s work at Rio+20 was part of its Sustainable Development Strategy. During the Conference preparatory process, GRI advanced a policy proposal, calling on governments to encourage sustainability reporting by adopting a report or explain approach to policy.

The Conference

GRI spokespeople attended Rio+20, and GRI organized and was involved in more than 20 events* in the official governmental arena, as part of the UN Global Compact Corporate Sustainability Forum, and around the city of Rio de Janeiro. GRI worked at Rio+20 as part of the Green Economy Coalition and the Corporate Sustainability Reporting Coalition led by Aviva Investors. Both coalitions support a report or explain approach to sustainability reporting policy.

The outcome

While the Rio+20 summit generally received low levels of attention in the global media, and the overall outcome of Rio+20 is being perceived by many interested parties as disappointing, attention in the global media, and the overall outcome of Rio+20 is being perceived by many interested parties as disappointing, the progress on sustainability reporting – detailed in Paragraph 47 of the outcome document – represents a great outcome for business transparency, and will help the transition to a sustainable global economy.

By investing heavily in the preparatory process, GRI contributed to the outcome of the negotiations that were announced on Friday 22 June, when UN member states adopted the Rio+20 outcome document The Future We Want, which includes paragraph 47:

‘We acknowledge the importance of corporate sustainability reporting and encourage companies, where appropriate, especially publicly listed and large companies, to consider integrating sustainability information into their reporting cycle. We encourage industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of sustainability reporting, taking into account experiences from already existing frameworks and paying particular attention to the needs of developing countries, including for capacity building.’

* The main costs of the Rio process were covered by government funding and by four Brazilian company sponsors. Glauca Terreiro had mobilized four Brazilian sponsors, for a total of €39K, who were satisfied with the results. The Brazilian sponsors are: Unimed, Itaip, Votorantim and Ernst and Young Terc. In addition, Brazilian government offered conference space and facilities, as did Vale.

Next steps

The governments of Brazil, Denmark, France and South Africa have formed a ‘Group of Friends of Paragraph 47’ to advance corporate sustainability reporting, and have invited GRI and UNEP to support them in this endeavor. The Group is open to other governments to join and will operate in an inclusive way, seeking input from relevant stakeholders.

With the technical advice and secretarial support of UNEP and GRI, the Group will investigate possible ways to advance best practices and governmental action on corporate sustainability reporting, and for capacity building in developing countries.

GRI is fully committed to building on the outcome of Rio+20, and offers its Sustainability Reporting Framework – a public good to accelerate the transition to a sustainable global economy.

With so many important companies producing reports based on the GRI Guidelines in Brazil, government here was behind society in the recognition of the role sustainability reporting can play. But at Rio+20 we had the opportunity to open space for a wider discussion of the instrument and, through paragraph 47 of the final document, it was possible to strengthen awareness of governments and create a base for a more systematic promotion and diffusion of the practice. We hope it will help to create a quiet revolution in the way companies face their social responsibilities.”

Mr Carlos Márcio Bicalho Cozendey (Secretary for International Affairs, Ministry of Finance Brazil)

“The Norwegian government provides GRI with core funding, helping to increase GRI’s capacity as its activity and outreach intensifies.

‘Sustainability reporting is widely acknowledged as an important tool in the ongoing efforts to improve business operations. GRI’s is the most widespread reporting framework of its kind. As a donor country Norway is pleased that its Guidelines are continually being developed and improved. With its broad expertise GRI is well suited to take active part in the efforts to commit to corporate sustainability reporting in support of paragraph 47 of the Rio+20 outcome document.’

Norway: Mr Are-Jostein Norheim (CSR Ambassador)

“With so many important companies producing reports based on the GRI Guidelines in Brazil, government here was behind society in the recognition of the role sustainability reporting can play. But at Rio+20 we had the opportunity to open space for a wider discussion of the instrument and, through paragraph 47 of the final document, it was possible to strengthen awareness of governments and create a base for a more systematic promotion and diffusion of the practice. We hope it will help to create a quiet revolution in the way companies face their social responsibilities.”

Brazil: Mr Carlos Maccio Bicalho Cozendey (Secretary for International Affairs, Ministry of Finance Brazil)

"In South Africa, the government has acknowledged that the implementation of sustainable development will depend on the active engagement of both the public and the private sectors. The Johannesburg Stock Exchange’s Social Responsibility Index as well as the King III Code of Corporate Governance have moved us a number of steps forward in promoting active participation of the private sector to the achievement of sustainable development.”

South Africa: Ms Lemao Dohor Ntso (Chief Policy Advisor; Sustainable Development, South African Government Department of Environmental Affairs)
Sustainable Development: better business for better lives

Sustainability reporting is on the rise. Investor interest is higher than ever. Calls for smart regulation are increasing. So is the uptake of reporting by all companies that want to lead the way to long-term success.

In developing countries, sustainability reporting can be a driver for building a better life for all. By increasing transparency and therefore accountability, organizations can measure and communicate their contribution to boosting local economies, encouraging respect for human rights and decent working conditions, and stimulating social equality.

Sustainability reporting can also help companies in developing countries – and the economies of developing countries – to become more competitive in the global market where the sustainability quality of their products, services and operations is increasingly of interest to customers, investors and regulators.

GRI works to make reporting count in developing countries. This work and its outcomes – including at the Rio+20 Conference, detailed on pages 26 and 27 – are featured throughout the Annual Report. But it all starts with the strategy that underpins GRI’s ambitions for reporting’s role in developing economies (see opposite).

**GRI’S SUSTAINABLE DEVELOPMENT STRATEGY**

1. To enhance all stakeholders’ knowledge, skills and ownership of sustainability reporting, and its link to sustainable development, poverty reduction, resource conservation and biodiversity protection.
2. To strengthen the sustainability performance of local business actors in order to positively impact sustainable development, and strengthen their competitiveness on the regional and global market.
3. To increase the capacity of stakeholders – in particular civil society, labor unions and local authorities – to engage in constructive dialogue with local and multinational businesses on their environmental, social and economic performance, on the basis of sustainability reporting. Capacity building in the field should enable the creation of multi-stakeholder approaches that are specific to developing countries.
4. To increase transparency regarding the impact of foreign multinational companies that invest and operate in developing countries.

**Sustainability Reporting in developing countries can help to:**

- Mitigate and improve companies’ effects on society, the local economy and the environment
- Strengthen companies’ competitive position, domestically and internationally, by addressing key concerns from buyers and investors regarding the social and environmental quality of their business
- Enable individuals and communities – as employees, voters, and civil society actors – to negotiate a better future for themselves

GRI receives program funding – together with the UN Global Compact – from the Swiss State Secretariat of Economic Affairs (SECO). The SECO funding has enabled the program Compact – from the Swiss State Secretariat of Economic Affairs (SECO). The SECO funding has enabled the program Sustainable Development Strategy was established and rolled-out internally. This has raised awareness among GRI staff and contributed to the increasingly thorough measurement of data related to the Strategy’s objectives.

The Sustainable Development Strategy will continue to be a focus of GRI’s Executive Management Team and employees. The development function will be strengthened with additional expert staff; a new regional Focal Point based in South Africa will be established; and GRI will step up its sustainable development-related collaboration with UNEP, the UN Global Compact, and regional development banks.

The Review acknowledged that this increased focus and activity means an increased need for resources, hence its overall recommendation: that “Sida (and other donors) continue and extend the core support to GRI to enable it to continue and boost its presence, work and impact in developing countries.”

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**What is Sida’s B4D Program?**

It’s a collaborative program to gain developmental results by building alliances with, and influencing, business. It’s a way to do things smarter: we know that with its capital, knowledge, and networks, the business community does a lot of good things, and can have a tremendous impact.

Our aim is to collaborate to create better conditions for people to lift themselves out of poverty. It’s also important to counteract the bad businesses, so we support anti-corruption measures, and fund watchdogs.

It’s important to inspire business to work in a good way – that leads to our collaboration with GRI. If businesses report on sustainability issues with GRI’s Guidelines they will be inspired, and will inspire all the authorities and other procuring institutions to ask for sustainability reporting.

The main reason for Sida to cooperate with GRI was to enhance GRI’s capacity to work in developing countries. We think the most challenging environment is still in developing countries. There are a lot of companies operating in these areas, and many are still lagging behind when it comes to sustainability. The basic idea is to show that they can become competitive by both behaving in a good way and reporting on their activities.

**Why did Sida develop its Guidelines for support of CSR?**

Development agencies and authorities have been working with private sector development for many years. By promoting corporate social responsibility issues we can influence companies and authorities to behave in much better ways.

The guidelines we had in 2004 didn’t cover the entire CSR agenda, and when John Ruggie defined the three pillars Protect, Respect and Remedy, we could easily identify the role of Sida:

- **Protect** – Sida works to strengthen authorities and the state to protect citizens. By identifying capacity building opportunities in authorities, we can take another step in identifying the right means and measures.
- **Respect** – This is about the responsibility of corporations. Normally this is not a focus of Sida, but to some extent we can provide support to different actors, and we are trying to encourage and support business to build capacity in order to respect the sustainability agenda.
- **Remedy** – Sida can also provide support to organizations, institutions, and platforms, which can serve both as watchdogs and intermediaries.

Our collaboration with GRI fits well into this – GRI enables companies to report and influence themselves and other companies, including their suppliers.

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**A VIEW FROM JOHAN AKERBLOM, SENIOR ADVISER, SIDA**

**Interview**

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GRI’s Product Responsibility performance

Management approach
The following disclosures address the Aspects of Marketing Communications, Customer Privacy and Compliance.

GRI’s mission is to make sustainability reporting standard practice. Its product responsibility is focused on providing appropriate reporting guidance. This guidance needs to meet the information needs of report makers and users, and address all relevant sustainability topics and trends.

GRI’s product responsibility policy is based on the fundamental principle of a multi-stakeholder approach to creating and developing reporting guidance. Details on the technical development of GRI’s Reporting Framework can be found on pages 31 to 35. This multi-stakeholder approach was evidenced this year by the development of the G4 Guidelines and Sector Supplements: Working Groups with a diverse and global composition were convened to propose new content, changes and additions, with a focus on improved technical content and usability.

Many other external parties – including members of the public – interact with GRI around the development of its product. This interaction can take the form of targeted mass emails, and responses to online surveys.

Moreover, GRI commits to being transparent in its own communications and in the processes which involve external parties. GRI’s Operations Department is responsible for ensuring compliance with Dutch legislation on privacy (Privacy Policy: www.globalreporting.org/Home/Privacy). This year saw the launch of a new and improved website, and an increasing focus on social media use. Secretariat staff are encouraged to use social media to communicate GRI’s work and goals, and are provided with guidance and training on the most effective and responsible use of these platforms. GRI also maintained its high number of personal speaking engagements around the world.

Ultimately, the main product goal for 2011/12 was to advance the mainstreaming of sustainability reporting, in particular with the development of the G4 Guidelines. GRI also worked towards this advancement by adding its voice to different forums (the Green Economy Coalition, the Corporate Sustainability Reporting Coalition led by Aviva Investors, the Group of Friends of Paragraph 47, the Report or Explain Campaign Forum); and by participating in the development of new reporting initiatives, most notably with the International Integrated Reporting Council.

Developing guidance
GRI Guidelines: the next generation
GRI is committed to the continuous development of its reporting guidance. This year, GRI continued to work on the development of the next generation of Sustainability Reporting Guidelines – G4.

G4 Development Priorities
- To offer guidance in a user-friendly way, so that beginners can easily understand and use the Guidelines
- To improve the technical quality of the Guidelines’ content in order to better support reporting organizations when preparing the report information and information users when using it
- To align with other international disclosure standards and relevant metrics
- To improve guidance on identifying ‘material’ content – from different stakeholders’ perspectives – 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

G4 is the fourth generation of GRI’s Sustainability Reporting Guidelines, due to be launched in May 2013 at the Global Conference on Sustainability and Reporting.

The G4 development process is multi-stakeholder, involving thousands of professionals, experts, and organizations from diverse stakeholder groups and geographical regions.

Preparation
Preparatory work on G4 started before this reporting year. From May to July 2011, GRI worked on three tasks in the G4 project:
- Primer survey
- Call for new sustainability reporting topics
- Registration for first Public Comment Period

GRI launched Primer Surveys for Organizational Stakeholders, reporters and other groups to gather views on G4’s potential structure and content. Members of the public could register their interest in providing feedback during the first Public Comment Period, helping GRI to ensure representation of different regions and constituencies.

First Public Comment Period (PCP)
Marking the beginning of the formal consultation process, the first PCP for G4 ran for 90 days between 26 August and 24 November 2011. The PCP attracted around 2300 participants in total, 1832 of whom provided a submission via the online survey. The survey was available in five languages – English, French, Portuguese, Mandarin and Spanish.

The aim of the PCP survey was to gather information that would inform the decision-making process for the directional steps GRI should take in G4’s development. Critical questions such as “what is the minimum content a sustainability report should contain?” and “who should define topics in a report?” were posed, alongside questions about people’s experiences with reporting.

Mediating institutions from Europe formed the largest overall number of participants (22.5%), followed by European business representatives (12.6%). 37% (682) of all respondents were from developing countries; many of these respondents were from countries where GRI has a Focal Point – Brazil (153), India (128) and China (52).

Events are an important way to gather feedback: During the first PCP, GRI held two webinars and 19 workshops, including in Brazil, China and the US.

Summarized results of the first Public Comment Period
- The essential elements that a sustainability report should contain are: sustainability strategy, governance structure and approach, material impacts, risks and opportunities, material topic indicators, and goals related to those indicators
Working Groups

Based on the G4 objectives set by the Board of Directors, and the results of the first Public Comment Period and previous informal consultations, seven Working Groups were created to develop revised content for the Guidelines. Working Group members represent labor, business, civil society, mediating institutions, and financial markets, and come from 28 different countries, including Korea, Chile, and Australia. A total of eight Working Group meetings were held in Amsterdam between January and May 2012.

Second Public Comment Period (PCP)

An Exposure Draft of the G4 Guidelines was published on 25 June 2012. During the second PCP, any interested party could provide feedback on the G4 Exposure Draft via the online consultation platform.

During this Public Comment Period GRI invited the public to provide:
1. General comments in response to questions about the entire set of changes
2. General comments in response to questions about specific proposed content
3. Comments on the text

The collective feedback will guide the GRI Secretariat, Working Groups, and governance bodies to finalise the development of G4.

Due Process

All documents in the GRI Framework must be developed in accordance with the Due Process for the GRI Reporting Framework approved by the GRI Board of Directors. The Technical Advisory Committee is responsible for evaluating whether the development of Framework Documents has followed the Due Process.

1. Working Groups develop and revise the text of GRI Framework documents, reaching decisions by consensus.
2. Guidance drafted by Working Groups is approved by the TAC.
3. Proposals are published for public comment for a period of at least 90 days.
4. Working Groups refine the draft according to the public feedback.
5. The TAC approves the guidance and provides recommendations to the Board of Directors.
6. The GRI Stakeholder Council provides recommendations to the Board of Directors.
7. The Board of Directors approves the guidance for publication.

ALIGNING GUIDANCE

One of the objectives of G4 is to align with other international disclosure standards and relevant metrics. This year, GRI has continued G4’s harmonization project, aiming to help organizations that want to report using different frameworks and guidance.

The G4 Exposure Draft reflects the Working Groups’ awareness of the Protect, Respect and Remedy Framework developed by UN Special Representative Professor John Ruggie. This Framework shifts organizations’ responsibilities from the entities they own to the places where their impacts occur.

With members reporting publically on supply chain practices, Ethical Trading Initiative Norway (ETI) wanted to participate in the GRI Supply Chain Disclosure Working Group. We felt that we could make significant contributions in terms of defining disclosures that may drive improvements for workers; particularly by having organizations report on their procurement practices, the adequacy of workers’ wages, and actions based on the screenings and assessment of suppliers.

Generally, the GRI Working Groups, by the nature of how they are run and the breadth of their members, seem to be an effective way of ensuring that material topics are covered in the Reporting Framework by disclosures that are feasible to report upon.

Olle Henning Sommerfelt, Ethical Trading Initiative Norway (Supply Chain Disclosure WG)

UPS is an Organizational Stakeholder of the Global Reporting Initiative and long-standing participant in the GRI process, including for the Application Level check system. UPS is continuing to support GRI’s mission to develop globally-accepted sustainability reporting guidelines by participating in the G4 GHG Emissions Working Group.

The G4 Working Groups provide a unique opportunity for stakeholders from various sectors and regions around the world to ensure the Reporting Guidelines are current, consistent and applicable for all, as we move towards the next generation.

Patrick Browne, UPS (GHG Emissions WG)

I’m a strong supporter of the GRI Framework. Having assisted a diverse range of entities to apply the existing Guidelines, I felt I had a good understanding of the improvements needed for G4, and wanted to contribute. Participating provided me with an invaluable opportunity to learn from, and engage with, a diverse group of enthusiastic WG members from across the globe; united by the common purpose of influencing positive change.

Greater transparency inevitably drives more responsible business practices. GRI is the de-facto global standard for disclosing sustainability performance, and by improving the robustness of the Guidelines, Working Groups are making a very positive contribution to the global sustainability imperative. I can honestly say that my involvement in the GRI Working Group was one of the most fulfilling experiences of my professional career.

Hugh Grant, Responsibility (Governance WG)

GRI’s Sustainability Reporting Framework needs to be fit to support the growing practice of sustainability reporting. The GRI Guidelines are developing to support organizations in expressing the link between sustainability-related issues and their business activities. To offer this support, GRI is committed to revising the Guidelines every 3-4 years – because society’s understanding of sustainability changes, and the experience of reporters also changes. When we were moving from G2 to G3, HIV/Adis and carbon emissions were not top of the agenda – now you can’t imagine a sustainability report without carbon emissions as a core topic.

Nelma Arbe, Deputy Chief Executive of GRI
Developing guidance continued

Reporting for sectors

Different sectors face different sustainability challenges. From community relocation for mining companies to 'brainprint' for media companies, reporting performance on these topics requires specific guidance.

GRI produces tailored versions of the Guidelines for different sectors. Four Sector Supplements were released this year: • Construction and Real Estate (September 2011) • Event Organizers (January 2012) • Oil & Gas (February 2012) • Media (May 2012)

Media Sector Supplement: A closer look

Editorial independence, a journalist’s freedom of expression, and the responsibility a video game creator takes for influencing the mind of a player can now be reported by media companies, thanks to new guidance for the media sector, launched at the United Nations Educational, Scientific and Cultural Organisation (UNESCO) World Press Freedom Day International Conference in Tunis in May 2012.

Freedom of expression is a fundamental element of the Universal Declaration of Human Rights, an important sustainability issue. The new guidance will enable media companies to report on matters such as the role of freedom of expression in the company’s values and operations, the effect of financial contributions from governments, and the way the company manages staff in areas where freedom of expression is limited.

The development of the Media Sector Supplement was supported by Fundación Avina, Fundación Nuevo Periodismo Iberoamericano and Universidad Javeriana.

A new approach to sector-specific guidance

GRI is now working on a new project to address sustainability reporting in many different sectors, including research on what topics are most relevant or material for those sectors.

GRI has carried out numerous external consultations with a wide range of information users, such as financial market and labor representatives, and reporting organizations.

In combination with the development of G4, GRI has started two workstreams, both running from May 2012 to May 2013:

• A technical review of the existing Sector Supplements, including implementing more accurate language and definitions to bring clarity to the sector reporting process
• Global research on material topics for different sectors or industries

GRI reports by top 10 sectors in 2011 (%)

82 Working Group members – including 17 from developing countries – developed this guidance. A total of 23 Working Group meetings were held around the world, including in Colombia, China, India and Brazil.

GRI reports by top 10 sectors

The main outcome of the research project will be a publication released at the Global Conference on Sustainability and Reporting, in May 2013. The publication will summarize the main findings of this research and feature lists of specific material sustainability related topics for business sectors or industries. GRI will ask stakeholders to give their feedback on these material topics during a Public Comment Period that will start after the Conference.

National Annex

Countries all have their specific national sustainability context. GRI has experimented with an approach to address country-specific issues in a format that is linked to GRI’s Framework, through a pilot National Annex for Brazil. The draft guidance was published for public comment from 27 July to 20 December 2011, but stakeholder feedback has so far been insufficient to complete the project. The National Annex pilot project is therefore currently suspended during the G4 developments, and will be reviewed at a later date.

A VIEW FROM THE MEDIA WORKING GROUP

“As early as 2003, Vivendi innovated in defining its sustainable development policy and establishing three strategic challenges: protecting and empowering youth, promoting cultural diversity, and sharing knowledge. Being a founding member of the GRI Media Sector Supplement Working Group was a great opportunity to share our vision of a media organization’s responsibility and our experience in reporting on our potential brainprint. The Media Sector Supplement will help us and our peers to improve and harmonize the reporting on our key sector challenges.”

Pascale Thumerelle (VP Sustainable Development at Vivendi, and member of the Media Sector Supplement Working Group)
GRI’s Program Effectiveness

Management approach

GRI’s overall goal regarding program effectiveness is to take, and maintain, a balanced multi-stakeholder approach to all of its activities and outputs. The leaders of each GRI program are ultimately responsible for engaging with the relevant stakeholders to complete the work, and to collect feedback.

GRI is especially active in engaging stakeholders around the development of its Framework. Guidance is developed using a multi-stakeholder approach, and Working Group members are in frequent contact with the Secretariat staff who lead these projects; their input and feedback is essential. Regular email surveys and public comment periods generate wider feedback from specialists in sustainability and corporate reporting, and from the public at large. Regular awareness-raising events and workshops are also held, conducted by GRI facilitators.

As a multi-stakeholder organization, GRI’s practical policy is to work with many other actors. While there is no formal policy on coordinating activities with those of other actors, all of GRI’s work is aimed at providing guidance and support to organizations, as per its organizational mission. A specific objective of G4 is to align with the guidance provided by other organizations, including the OECD and UN Global Compact, several publications showing the links between GRI’s Framework and other organizations’ guidance have resulted from individual agreements. The Chief Executive signs all strategic Memoranda of Understanding with other organizations.

GRI’s work and communications demonstrate its non-judgmental and objective approach to other organizations. The ultimate authority for GRI’s advocacy and public awareness efforts is the Board of Directors. GRI’s position on these matters is communicated to employees in the monthly online Newsletter and monthly internal Staff Bulletin. Each GRI team also uses frequent group emails to update the Secretariat and Focal Points on its work and activities, and on any sensitive issues.

Feedback and complaints to GRI are dealt with on a case-by-case basis. The leader of each program is ultimately responsible for any feedback their work receives. Overall training for GRI staff is not provided on feedback and complaints, as they are dealt with at departmental level. Most departments have a similar (interpersonal) method for responding. GRI is in the process of determining whether formal feedback and complaint mechanisms are necessary. The outcome of a trial period this year may show that a formal process is unnecessary.

GRI does not have organization-wide goals regarding monitoring, evaluation and learning. The Board has set four overall goals, from which different program goals are derived. Each program has its own annual goals and performance objectives which are monitored quarterly through management reports. Leaders of programs are responsible for meeting their own program-related goals and objectives, and no organization-wide training is provided at this point.

GRI staff makes demonstrable efforts to achieve balance and diversity when convening all multi-stakeholder bodies, especially Framework Working Groups. Gender balance and diversity are formalized requirements outlined in GRI’s Diversity Policy. This Policy guides all decisions related to hiring employees for GRI’s Secretariat, Focal Points and governance bodies, although appointments are ultimately made on the basis of the best possible candidate for a role. The Human Resources department tracks gender and diversity across all GRI departments.

Program Effectiveness Indicators

NGO3: System for program monitoring, evaluation and learning, (including measuring program effectiveness and impact), resulting changes to programs, and how they are communicated.

The main system for program monitoring, evaluation and learning is the Management Report, both quarterly and yearly. Managers assess their teams’ performance every week. They provide data on their workstreams to the Director of Operations, who compiles the Management Report and shares it initially with executive management. The Report covers Key Performance Indicators (KPI) and Operational Progress Indicators (OPI).

Any resulting changes are communicated verbally, via email, and through GRI’s internal Staff Bulletin. The Network Relations team, for example, modifies its country prioritization strategy based on assessments of its performance and activity.

Examples of results against targets for 2011/12 include:

Key Performance Indicators (KPI) and Operational Progress Indicators (OPI)

<table>
<thead>
<tr>
<th>Department</th>
<th>Indicator</th>
<th>Measurement Unit</th>
<th>FY Target</th>
<th>Projected</th>
<th>Actual Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting Framework</td>
<td>Sector Supplements launched</td>
<td>Number of</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Learning &amp; Services</td>
<td>Certified Training Partners (CTP)</td>
<td>Number of</td>
<td>75</td>
<td>75</td>
<td>68</td>
</tr>
<tr>
<td>Learning &amp; Services</td>
<td>Participants trained by CTPs</td>
<td>Number of</td>
<td>3600</td>
<td>3700</td>
<td>3901</td>
</tr>
<tr>
<td>Learning &amp; Services</td>
<td>GANTSCh participants trained¹</td>
<td>Number of</td>
<td>100</td>
<td>170</td>
<td>150</td>
</tr>
<tr>
<td>Learning &amp; Services</td>
<td>Certified Software/Tools Partners</td>
<td>Number of</td>
<td>17</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Communications &amp;</td>
<td>Speaking engagement:</td>
<td>Number of</td>
<td>45</td>
<td>40</td>
<td>39</td>
</tr>
<tr>
<td>Network Relations</td>
<td>- Focal Point countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Other focus countries</td>
<td></td>
<td>40</td>
<td>40</td>
<td>34</td>
</tr>
<tr>
<td>Learning &amp; Services (OPI)</td>
<td>Application Level checks</td>
<td>Number of</td>
<td>700</td>
<td>725</td>
<td>765</td>
</tr>
<tr>
<td>Learning &amp; Services (OPI)</td>
<td>Data Partners</td>
<td>Number of</td>
<td>25</td>
<td>25</td>
<td>23</td>
</tr>
</tbody>
</table>

¹ Re-launched as the Business Transparency Program.
NGO1: Processes for involvement of affected stakeholder groups in the design, implementation, monitoring and evaluation of policies and programs.

NGO2: Mechanisms for feedback and complaints in relation to programs and policies and for determining actions to take in response to breaches of policies.

STAKEHOLDERS
- Sustainability reporting companies and organizations
- GRI’s funders and Organizational Stakeholders
- Report users
- GRI Working Group members
- Regulators, policy makers and governments
- GRI’s Strategic Partners
- GRI’s suppliers
- Data Partners, Certified Training Partners, providers of GRI Certified Software and Tools
- GRI’s governance body members, Focal Points, and Secretariat employees

PROCESSES/MECHANISMS
- Websites/portals
- Email
- Phone calls
- Face to face meetings
- Social media
- Events/webinars
- Surveys
- Advisory groups
- Public Comment Periods
- Staff members
- Employee Representation Body

OUTCOMES
- Linkage documents
- Contracts/MoUs
- New and improved training materials
- Organizational collaboration
- Improvements to Reporting Framework
- New projects
- Improvements to programs
- Improvements to employment practices
- Translations

Furthermore, GRI’s Diversity Policy guides the entire organization in observing an inclusive and anti-discriminatory approach to all GRI activity and interactions. The Secretariat team responsible for GRI’s Certified Training Program carefully analyzes the market before making a new call for Training Partners, with the aim of covering all regions and increasing GRI’s presence where it is underrepresented.

NGO4: Measures to integrate gender and diversity into program design and implementation, and the monitoring, evaluation, and learning cycle.

Based on the Due Process for the GRI Reporting Framework, GRI’s Guidance, Support and Innovation team ensures that the Working Groups that develop the Reporting Framework are multi-stakeholder in their constituency and geographic composition.

NGO6: Processes to take into account and coordinate with the activities of other actors.
The Reporting Guidelines synergize with:

- The Green Economy Coalition
- The Corporate Sustainability Reporting Coalition led by Aviva Investors

GRI has collaborated in advocacy with:

- The United Nations Global Compact
- The United Nations Environment Programme
- The International Organization for Standardization

The Reporting Guidelines support organizations in:

- The Earth Charter Initiative
- The International Finance Corporation
- The United Nations Conference on Trade and Development

GRI is strengthened by collaboration. GRI enters into collaboration with organizations that have a similar commitment to a sustainable economy, corporate responsibility, and sustainable development.

GRI’s Reporting Framework is often used alongside other international initiatives, frameworks and guidance, and GRI works with providers of other guidance to help organizations align their reporting.

GRI has strategic partnerships with:

- The Organisation for Economic Cooperation and Development
- The United Nations Global Compact
- The United Nations Environment Programme
- The International Organization for Standardization

The Certification Framework facilitates:

- The United Nations Framework Convention on Climate Change
- The United Nations Conference on Sustainable Development
- The Global Reporting Initiative (GRI)

GRI’s Training Program offers:

- The Certified Training Partnership Program
- The Corporate Sustainability Reporting Coalition led by Aviva Investors

GRI reporting, and GRI itself, is supported by the governments of:

- Australia (The Treasury)
- Germany (Gesellschaft für Internationale Zusammenarbeit (GIZ))
- Norway (Royal Ministry of Foreign Affairs)
- Sweden (Swedish International Development Cooperation Agency (Sida))
- Switzerland (State Secretariat for Economic Affairs (SECO))

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- Australia (The Treasury)
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- Norway (Royal Ministry of Foreign Affairs)
- Sweden (Swedish International Development Cooperation Agency (Sida))
- Switzerland (State Secretariat for Economic Affairs (SECO))

The Certified Training Partnership Program enables larger organizations to empower their suppliers, including small and medium-sized enterprises (SMEs), to understand and communicate their economic, environmental, social and governance performance. Certified Training Partners can help make GRI sustainable economic, environmental, social and governance performance.

GRI IN CATALONIA

A project initiated by the Catalan Chambers of Commerce is uniting small businesses in Catalonia with a commitment to sustainability and GRI reporting. The Transparencia project guides the suppliers of large companies in implementing sustainability reporting and management practices. 64 suppliers of 11 multinationals are participating. This number is set to rise; and to inspire other chambers of commerce, business associations and multinationals to embed sustainability among their suppliers and member companies.

GRI’s Business Transparency Program has partnered with the Catalan Chambers of Commerce to deliver GRI sustainability reporting training for the project. Certified Training Partners and specially-trained local consultants guide participants’ through their first GRI sustainability reporting cycle.

Learning to report

More and more companies and organizations want to be sustainable, for their own benefit and to benefit the world at large. To be sustainable, they need to understand and communicate their economic, environmental, social and governance performance. GRI’s Certified Training Partners can teach them how.

The Certified Training Program

GRI selects and certifies many Training Partners from around the world to offer Certified Training Courses and Modules for GRI reporting. The Program has experienced substantial growth: from 6428 participants at 30 June 2011 to 10,329 at 30 June 2012 (nb: these figures are a running total for participants).

A (re)launch: The Business Transparency Program

GRI’s training program for suppliers – and groups of smaller companies under a larger, ‘umbrella’ organization – was re-launched as the Business Transparency Program in 2011/12. Chambers of commerce, business associations and multinationals enroll their suppliers and member companies on the Program. They are then supported for a 12 month period, which begins with being introduced to sustainability and transparency and culminates in the publication of a sustainability report. The Program enables larger organizations to empower their suppliers and members; reporting helps them to identify areas where they can improve, save, and profit. The number of companies participating in the Program almost doubled from the previous fiscal year, from 100 to 179 companies.

Regional engagement

The Certified Training Partners by region:

- OCEANIA: 6.0%
- NORTH AMERICA: 7.5%
- LATIN AMERICA: 14.9%
- EUROPE: 41.8%
- AFRICA: 3.0%
- OTHER: 70.1%

The Certified Training Partners by country type:

- DEVELOPING COUNTRIES: 29.9%
- DAC countries: 5.3%
- OECD: 19.1%
- North America: 19.1%
- Latin America: 34.9%
- Other: 70.1%

The total number of participants by year:

- 2009/2010: 2127
- 2011/2012: 3901
- 2010/2011: 3405

To be sustainable, they need to understand and communicate their economic, environmental, social and governance performance. GRI’s Certified Training Partners can teach them how.
Organizational Stakeholders
The Organizational Stakeholder (OS) Program is at the heart of GRI’s regional engagement. Any organization that is committed to sustainability, transparency and advancing the reporting agenda is eligible to become an OS. And they do – from all over the world.

OS are GRI’s core supporters; they provide around a quarter of GRI’s funding and play an important governance role by participating in elections for GRI’s Stakeholder Council. But most importantly, they can empower one another – many OS cite the sharing of sustainability reporting knowledge and best practice as the most valuable take-out from the Program.

Support comes from around the world. By 30 June 2012 there were 631 Organizational Stakeholders representing 63 countries, including 29 developing countries:
- Brazil, India, China and South Africa account for 74 percent of all developing country OS value
- Brazil accounts for 50.2 percent of all developing country OS value

OS Program Highlights 2011/12
- The increasing number of personal visits to OS from GRI’s team. This offers both parties a unique opportunity to exchange practices and opinions. It also helps create a strong personal connection and affiliation with the Program.
- Regular webinars, which are an essential part of the knowledge exchange among OS and between OS and GRI. Participant numbers are rising, especially for the more technical subjects like using GRI’s guidance, and MTR Corporation’s webinar on their Carbon Life Cycle Assessment of urban railways in June 2012.
- OS are making increasing use, and taking increasing ownership, of their private pages on the GRI website

Reshaping representation
The annual contributions of some categories of OS were increased in 2011/12, to bring the contribution for small and medium sized organizations more in line with programs provided by similar organizations. SMEs in developing countries may apply for the lower rate offered by the ‘exceptions’ category.

Some OS complained about the increase – particularly those with an operating budget of less than €1 million – and some left the Program. If OS are certain they want to leave, GRI’s OS team encourages them to stay in touch anyway – and hopes to welcome them back in the future.

Historically, the OS Program has had an imbalance of small organizations from the Mediating Institutions constituency, which includes consultancies. As intended, the total number of OS decreased following the re-pricing, from the Mediating Institutions constituency, which includes consultancies. SMEs in developing countries may apply for the lower rate offered by the ‘exceptions’ category.

Reaching out
Working with a global network of thousands of professionals, experts and organizations, GRI aims to engage people around the world. In addition to the Secretariat, GRI has Focal Points – regional offices that provide guidance and support locally – in Australia, Brazil, China, India and the US, and announced a sixth regional office this year: Focal Point Southern Africa. The Focal Points work to advance all of GRI’s global organizational goals in the local context – general highlights of their activities are included below.

GRI communicates with members of the network on a daily basis, at events, through webinars and by email and phone. GRI received 497 invitations to speak in 51 countries last year, and requests were processed through its internal Radar system. With limited staff and resources, GRI cannot accept every invitation, and attended 339 events in total; 38 percent were in developing countries, including Colombia, Egypt and Indonesia. GRI also hosted 97 events around the world this year, including four in China and five in South Africa.

A new 3.2 million Euro program that aims to build capacity of local businesses in developing countries on corporate sustainability management and reporting was launched in June 2012 by the UN Global Compact, GRI and the Swiss State Secretariat for Economic Affairs (SECO). This program will support GRI work in seven prioritized developing countries.

“We support this partnership as an initiative which pursues a comprehensive voluntary reporting approach, equally covering environmental and social issues. In working together with GRI and the GlobalCompact to make sustainability reporting standard practice, we are bringing the worlds of enterprise and international development cooperation together, thereby assisting companies in developing countries to integrate into global value chains.”

Hans-Peter Egler (Head Trade Promotion, SECO)

Africa
As part of the new capacity-building program, GRI announced the establishment of its Focal Point Southern Africa, which will serve as a regional hub for organizations in Africa.

Companies operating in developing countries are facing increased demand from international clients to integrate sustainability aspects into their processes. The joint program will enable companies in developing countries to improve their management and reporting of key economic, environmental and social issues such as greenhouse gas emissions, energy efficiency, human rights, women’s empowerment, and anti-corruption.

Asia
GRI’s Focal Point India has worked closely with regulators in India this year, being involved in the establishment of the National Guidelines and in the requirement of The Securities and Exchange Board of India (SEBI) for companies listed on every stock exchange in India to disclose sustainability performance information.

GRI put more focus this year on work in China, with a new Director of its Focal Point China in position, and a secondee to the Secretariat from Hao Ran Foundation. The additional staff helped GRI improve its outreach efforts and the quality of its translated resources, including webpages and Framework documents.

Europe
GRI works with many regions through local networks. One region in the spotlight this year was the Nordic region. From Denmark’s early reporting legislation in 2001 to Sweden’s core funding of GRI activity, the Nordic region has a track record of progressive thinking on organizational reporting, and the role of reporting in driving transparent and accountable business practice. The Nordic Network of OS, launched in June 2011, has become an important platform for sustainability dialogue and activity in the region.

Around 100 members of Nordic Network of organizations attended a meeting in Helsinki in October 2011, where former Prime Minister Esko Aho spoke. A call for Training Partners in Nordic countries in May 2012 also aimed to strengthen reporting; GRI now has two Certified Training Partners in the region.

North America
The United States continues to be a major player in the sustainability reporting field, and GRI’s Focal Point USA expanded its operations this year, with three full-time staff. The Focal Point held its first regional Conference in St Louis in May 2012, attracting 222 participants from across North America and beyond. Focal Point USA continues to engage with financial markets to increase awareness of sustainability disclosure among investors. In addition to founding support from Deloitte, Ernst & Young, KPMG and PwC, the Focal Point launched its Sector Leaders Program this year. The Program enables companies to
Regional engagement continued

provide ongoing support to the operations of the Focal Point – its current members are Clorox, Mosaic, Dell and Bloomberg.

Latin America
GRI’s Organizational Stakeholder (OS) Program has dedicated more time and resources to engaging with Spanish-speaking countries this year: OS’s from Latin America now have a Spanish speaking contact person at the GRI Secretariat, who maintains regular contact with many organizations in the region. GRI’s Focal Point Brazil actively involved in the organization of 20 events at the Rio+20 Conference in June 2012, working with local partners hosting events and supporting GRI’s work in Rio. And with the launch of several Framework documents translated into Portuguese, organizations in Brazil enjoyed greater support from GRI this year.

Oceania
The Asia Pacific region saw its first GRI regional Conference this year, as GRI’s Focal Point Australia held the Australian GRI Conference on Sustainability and Integrated Reporting in Melbourne in March 2012. With 237 participants from across the region, the Conference reflected the growing interest in sustainability disclosure and helped set the agenda for Australia for the year to come. See page 50 for an overview of the Conference.

Raising awareness
GRI engages with tens of thousands of stakeholders worldwide through all media; from 140 page publications to 140 character Tweets. The website, social media, and printed and online publications are all vital for sharing knowledge and information, gathering feedback from the public, and talking to people interested in sustainability. Last year, GRI was mentioned in more than 16,000 articles globally – that’s more than 45 every day.

GRI launched its new website in December 2011: With better access to resources, more opportunity to engage online, and a starter kit for organizations that want to produce their first report, the website aims to enable even more people to get involved in sustainability reporting.

GRI has an active presence on many social media channels, including Twitter, LinkedIn, Facebook, Google+ and Vimeo. Social media brings traffic to GRI’s website, and lets all those who are interested join the conversation about sustainability reporting. In March 2012, GRI’s social media network reached 10,000 people and continues to grow.

Publications
Publications help organizations understand the reporting process and learn from others’ experiences, and provide guidance on using the GRI Guidelines with other international frameworks. GRI’s Learning Publications – the Starting Points and Pathways series – help organizations through the reporting process. In late 2011, GRI made the Starting Points publications available to download free: A popular change, with 983 publications downloaded this year, compared to the 94 hard copies sold. The Pathways publications were also popular, with 4023 copies sold in 21 languages, including 1248 Spanish versions and 398 Portuguese versions.

- Linking GRI AND CDP: 2012 Addendum (May 2012)
- Linkage table comparing specific environmental indicators from GRI’s Guidelines with questions from the 2012 Carbon Disclosure Project questionnaire.
- GRI Organizational Stakeholders Knowledge Share Portfolio 2011 (January 2012)
- The Knowledge Share Portfolio is the result of a one-year project featuring Organizational Stakeholders sharing their knowledge on various sustainability reporting topics.
- GRI and ISO 26000: How to use the GRI Guidelines in conjunction with ISO 26000 (update launched November 2011)
- Approach for Reporting on Ecosystem Services (October 2011)
- The publication looks at emerging thinking around ecosystem services, and gives organizations options for reporting their impacts and dependencies.
- Pathways series updated to include G3.1 content (September 2011)

Translations
GRI’s main language is English, but sustainability reporting is growing globally. GRI’s translations program aims to provide organizations around the world with reporting guidance in their own language. Many new translations were launched this year, and all of GRI’s translated material is available on the website.

Bahasa
- GRI-ISO Linkage Document – April 2012

French
- Financial Services Sector Supplement – September 2011
- GRI-ISO Linkage Document – September 2011

Greek
- Pathways – December 2011

Hungarian
- Pathways – May 2012

Italian
- Financial Services Sector Supplement – December 2011

Korean
- GRI-ISO Linkage Document – April 2012

Mandarin Chinese
- G3.1 Guidelines – January 2012

Polish
- Pathways – December 2011
- NGO Sector Supplement – April 2012

Portuguese
- Pathways – December 2011
- Food Processing Sector Supplement – December 2011
- GRI-CDP Linkage Document – December 2011
- Mining and Metals Sector Supplement – October 2011

Slovak
- Pathways – March 2012

Spanish
- Pathways – September 2011
- CRESS Quick Reference Sheet – February 2012
- G3.1 Guidelines – November 2011
- Media Sector Supplement – May 2012

Turkish
- Pathways – December 2011
GRI’s Human Rights and Social performance

Management approach, Human Rights

GRI’s Secretariat and Focal Points operate under the same rules, regulations and procedures. These disclosures do not cover the following Aspects, which are considered by stakeholders to be not material: Child Labor, Forced and Compulsory Labor, Security Practices, Indigenous Rights, Assessment, Remediation.

The Director of Operations is the most senior post holder directly responsible for human rights performance. The Operations department is responsible for diversity and equal opportunity issues, and for sourcing from suppliers that are not implicated in human rights abuses. A Sustainable Procurement Policy was finalized in February 2012. All staff is expected to be aware of this policy when making purchasing decisions. At the Secretariat, the right to freedom of association and collective bargaining is covered by Dutch law. An Employee Representation Body (ERB) was established in 2011 as the main channel for staff to communicate any suggestions or complaints to executive management.

Results against targets set for 2011/12 included:
• Diversity Policy finalized and rolled out
• New procedures for addressing harassment and grievances were finalized and rolled out
• A code of conduct and processes for addressing discrimination issues were finalized and implemented

Management approach, Society

These disclosures do not cover the following Aspects, which are considered by stakeholders to be not material: Local Communities, Anti-competitive Behavior.

GRI has a Code of Conduct and Integrity in place with regard to corruption, and is in full compliance with Dutch law. Gifts received by any Secretariat employee from external parties are not kept for personal use. GRI is also bound by Dutch law with respect to compliance.

GRI does engage in public policy development. It hosts the Report or Explain Campaign Forum, a convening space for any organization that advocates a report or explain approach to sustainability reporting policy. GRI is also a member of the Green Economy Coalition, the Corporate Sustainability Reporting Coalition, and the Group of Friends of Paragraph 47.

GRI also engages with, and seeks advice from, government representatives: the Governmental Advisory Group, formed in 2008, advises GRI on an informal basis.

A new format for reporting

Data on the sustainability performance of companies can be more easily revealed with a new format for tagging data in sustainability reports, which was launched by GRI in March 2012. The GRI XBRL Taxonomy, which covers the G3 and G3.1 Guidelines, enables companies to tag the sustainability data in their reports, making it easier for report users – including regulators, investors and analysts – to find and analyze data. The GRI Taxonomy – which is available for free – was developed in collaboration with Deloitte Netherlands.

Applying the Guidelines

GRI’s Certified Software and Tools Program enables companies to use content from the Reporting Framework in their software, ultimately helping organizations around the world collect and analyze sustainability performance data.

This year, GRI certified five new tools, including OptSustain from ITC Infotech in India, which uses content from the G3 Guidelines. A further 11 companies renewed their certification for another year. This resulted in a 33 percent increase in the number of tools certified – from 12 in 2010/11 to 16 in 2011/12.

Checking reports

GRI’s Application Level Check continued to be a popular service this year. The Check aims to verify the Application Level claimed by an organization, which reflects the extent to which a report follows the GRI Guidelines.

WHAT IS XBRL?

XBRL stands for eXtensible Business Reporting Language. An open-source tagging language similar to XML, it is used worldwide for tagging data in financial reports.

GRI launched a Voluntary Filing Program in March 2012, where reporters that use the new GRI Taxonomy can promote their tagged reports on GRI’s website. Over the next year GRI will track the use of the Taxonomy, and support organizations that want to use it.

Service and support

This year the demand for Application Level Checks increased by 41 percent, therefore exceeding the year’s target of 700 Checks. In response to this growing demand, GRI restructured the Report Services team and increased its capacity: this meant all Checks were performed on time. A record 30 percent of this year’s Checks were done on reports from developing countries, and almost 20 percent were done for Organizational Stakeholders. The Application Level Check service is tailored for the current version of GRI’s Guidelines – G3/G3.1. GRI is now developing the next generation of Guidelines, and the relevance and suitability of the service will be reviewed following analysis of public feedback on the G4 Exposure Draft.
Two types of reporting for total transparency
Understanding the links between financial results and sustainability impacts is critical, and increasingly connected to long and short-term business success. To understand these links, organizations must identify the material sustainability topics to monitor and manage to ensure the business survives. This step is at the core of the sustainability reporting process provided by GRI’s Sustainability Reporting Framework.

GRI offers companies guidance on how to identify material sustainability topics to be monitored and managed, and to prepare for the integrated thinking process, which is the foundation for integrated reporting.

GRI co-founded the International Integrated Reporting Council (IIRC) jointly with HRH the Prince of Wales’ Accounting for Sustainability project (A4S) and the International Federation of Accountants. Integrated reporting as proposed by the IIRC is a form of corporate reporting that provides a clear and concise representation of how an organization creates value, now and in the future. The IIRC will propose the elements to be presented in an integrated report through the Integrated Reporting Framework it is now developing.

One of the G4 Guidelines’ development objectives set by GRI’s Board of Directors 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”. Due to the differing timetings of the two organizations, the G4 Exposure Draft published in June 2012 does not yet contain such guidance, but GRI remains committed to providing it in due course.

GRI is also planning a publication for release in May 2013 discussing the existing examples of organizations that have experimented with the connection between sustainability disclosure using the GRI Sustainability Reporting Guidelines and the preparation of integrated reports.

GRI, G4, and integrated reporting
The sustainability reporting process defined by GRI’s Sustainability Reporting Framework aims to help companies that want to produce integrated reports in three main ways:

• Identifying material topics – topics that express the core link between business goals and sustainability impacts
• Stakeholder engagement – dialogue to help determine material impacts and manage risks and opportunities
• Performance indicators – measuring, managing and reporting material issues using an internationally-accepted framework

Many organizations that use the GRI Guidelines have started experimenting in the field of integrated reporting despite the absence of an internationally-accepted definition and framework. To know more about these companies, visit GRI’s Sustainability Disclosure Database at database.globalreporting.org.

Integrating sustainability

Application Levels are sometimes misinterpreted as a grade, or an indication of the quality of an organization’s sustainability practices and reporting. GRI works to prevent any misunderstanding or misuse by offering guidance to organizations on how to communicate their Level following their Application Level Check; by checking and approving organizations’ communications where possible; and by proactively contacting organizations when misstatements come to light, to clarify the intended meaning of the Application Level.

Featuring reports
The Featured Reports service enables companies to showcase their reports through GRI’s communication channels, including the website. A total of 65 reports were featured this year, 30 percent of which came from organizations in developing countries, representing an increase of more than 130 percent.

With so much interest, the Featured Reports service was split into two parts to provide greater choice to companies.

Featured Reports Basic: Exposure on GRI’s website and in the monthly Newsletter, plus extended features on the Sustainability Disclosure Database

Featured Reports Premium: Higher profile online and a feature article in the Newsletter. Only available for one report per month

The demand for Featured Reports Basic remained the same, but demand for Featured Reports Premium was unexpectedly high, resulting in a waiting list for the service.

Interview
PAUL DRUCKMAN, CHIEF EXECUTIVE OF THE INTERNATIONAL INTEGRATED REPORTING COUNCIL

Why is integrated reporting important?
Capital markets depend on reliable and timely information from companies to determine decision-making. Corporate reporting as a whole has evolved in a piecemeal way, resulting in a high volume of disclosure mainly focused on past performance. What has resulted, especially in recent years, is a disparity between information in corporate reports and a company’s market value.

There are factors outside of the financial that affect the value of business, but which are not yet being taken into account. The concept of integration is to ensure those are taken into account – integrated reporting utilizes financial, sustainability and other information that may be relevant. In that sense integrated reporting is important because it arrives at the true value of a business now and into the future.

How does it relate to sustainability reporting?
Sustainability reporting is producing information for a wide range of stakeholders, principally taking into account environmental and social factors. And it helps to inform integrated reporting – high quality sustainability information is of paramount importance as part of the six ‘capitals’ underpinning integrated reporting. Another key point is that integrated reporting is principally focused on investors, and on the strategy of a company’s overall business.
The inaugural Australian GRI Conference on Sustainability and Integrated Reporting was hosted by GRI’s Focal Point Australia on 26-28 March 2012. More than 230 participants from 11 countries representing local, state and federal government, business, investors, labor, professional service firms, academia and the non-profit sectors, expressed broad support for:• the continuous innovation of reporting and reporting frameworks in the transition to a sustainable economy• the adoption of a report or explain approach to policy by government, regulators and stock exchanges

With the theme ‘Innovate, Integrate, Collaborate’, the Conference aimed to lead Australia and its region’s contribution to a sustainable global economy. It was the largest multi-stakeholder conference in the region to date focusing on sustainability and integrated reporting, lending broad support for the adoption of business transparency and accountability on sustainability issues.

What the delegates said

The Conference Conversation was an important activity of the conference, providing an opportunity for delegates to shape the future of reporting. Actions identified by delegates provided GRI with valuable feedback and direction for future activities and focus in the region. Views included:
• GRI should produce guidance on more explicit disclosure of ethical principles
• Develop clearer definitions/standard definitions regarding sustainability data and its value
• Develop case studies of companies that have developed connected metrics for linking sustainability data to value
• Undertake an industry analysis to investigate how prepared companies are for integrated reporting
• Establish integrated reporting working groups to identify how GRI indicators link to financial performance
• Conduct research on what materiality is and how it can be approached
• Investigate how companies currently engage with their investors, and how it might be improved
• A South East Asian conference should be held by GRI
• Regional GRI Guidelines should be developed

GRI’s Labor performance

GRI strives to offer attractive employment benefits, decent working conditions and equal opportunities for its diverse group of employees. Employee terms and conditions are set out in an Employment Agreement and the Employee Manual.

The Director of Operations is the most senior post holder directly responsible for Labor performance and issues. The Operations department is responsible for developing employment policies and the implementation of internal procedures, which include:
• The Human Resources (HR) Policy, finalized and rolled out in 2011/12. The Policy defines GRI’s people-focused values and strategy. With a focus on organizational effectiveness and employee welfare, the HR Policy connects with and supports GRI’s overall Sustainability Policy.
• Diversity, equal opportunity and employee grievance mechanisms. GRI’s Secretariat has always been diverse. Employees are surveyed regularly about working at GRI (twice in 2011/12), and GRI’s diversity and international flavor is consistently cited as a major attraction and benefit of the job. The Secretariat has also observed the principle of equal opportunity from day one. GRI has a Diversity Policy and a Code of Conduct and Integrity in place, easy accessible for all staff. Equal remuneration is offered to women and men. Remuneration is determined by level of responsibility, work experience and performance, and conforms to local market rates for non-profit organizations. The Harassment and Grievance Procedures – an integral part of the Code of Conduct and Integrity, and rolled out in 2011/12 – provide step-by-step guidance on feedback and complaints mechanisms for employees.
• Occupational Health and Safety. A new Health and Safety Policy was rolled out in 2011/12, which includes a regular risk inventory. While health and safety topics are not covered in any agreements with trade unions, the Policy follows Dutch legislation and codes. The Dutch ARBO (Arbetsomstandigheden) system follows up on employee illnesses, which would identify any occupational diseases. An additional (third) staff member was trained in first aid in 2011/12, and all issues around health and safety are monitored by the Senior Manager Human Resources.
• Training, education, and employee progression, which is included in the new HR Policy. The amount of training provided to employees increased in 2011/12; new sessions included Content Management System, Customer Relationship Management and Outlook training for online/electronic working, and courses for professional skills (including written communications and familiarization with trends in sustainability/corporate reporting). In 2011/12, GRI rolled out its Performance Management Methodology (PMM) for Secretariat staff – including managers and Directors – and Focal Points. The PMM is a comprehensive system to recognize and acknowledge employees’ performance and contribution.
• Labor and management relations. As part of the HR Policy, labor and management relations are monitored on an ongoing basis. Any employee affected by changes is consulted directly by management. Agreed changes are communicated in writing. GRI does not have any formal agreements with trade unions, but does have an Employee Representation Body (ERB), a major channel for staff to communicate any suggestions and complaints to executive management.
Labor Indicators – Focal Points

LA1: Total workforce, including volunteers, by employment type, employment contract, and region broken down by gender.

Employment type

<table>
<thead>
<tr>
<th>2011/12</th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9</td>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>

Contract type

<table>
<thead>
<tr>
<th>2011/12</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indefinite</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Definite</td>
<td>1</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Internships</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Volunteers</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>11</td>
<td>12</td>
</tr>
</tbody>
</table>

Total (excl. intern/volunteers): 1 Male, 10 Female, 11 Total

Permanent Employees

<table>
<thead>
<tr>
<th>2011/12</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Part-time</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>11</td>
<td>12</td>
</tr>
</tbody>
</table>

Region

<table>
<thead>
<tr>
<th>2011/12</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Asia</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>North America</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>South America</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Africa</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Australia and Oceania</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>11</td>
<td>12</td>
</tr>
</tbody>
</table>

LA2: Total number and rate of employee turnover by age group, gender, and region.

New employee hires

<table>
<thead>
<tr>
<th>2011/12</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total in numbers</td>
<td>0</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Rate (%)</td>
<td>0.00%</td>
<td>54.55%</td>
<td>54.55%</td>
</tr>
</tbody>
</table>

New employee hires by region

<table>
<thead>
<tr>
<th>2011/12</th>
<th>Number</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>2</td>
<td>18.18%</td>
</tr>
<tr>
<td>Asia</td>
<td>2</td>
<td>18.18%</td>
</tr>
<tr>
<td>North America</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>South America</td>
<td>1</td>
<td>9.09%</td>
</tr>
<tr>
<td>Africa</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Australia and Oceania</td>
<td>1</td>
<td>9.09%</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>54.55%</td>
</tr>
</tbody>
</table>

- Interns and volunteers are not included in the data
- One male employee, aged under 30, left Focal Point USA in 2011/12

LA12: Percentage of employees receiving regular performance and career development reviews.

- GRI’s Performance Management Methodology (PMM) was rolled out for Focal Points in May 2012
- Focal Points will be part of the overall PMM cycle scheduled for January – March 2013

- Definite contracts include labor contracts through hosting organizations, and consultancy contracts
- There were no volunteers at Focal Points in 2011/12
Secretariat

LA1: Total workforce, including volunteers, by employment type, employment contract, and region.

Total workforce including volunteers broken down by employment type

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2010/11</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total workforce including volunteers broken down by employment contract

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2010/11</th>
<th>2011/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indefinite</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Definite</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internships</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total workforce broken down by permanent employees and gender

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2010/11</th>
<th>2011/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total workforce including volunteers broken down by region and gender

<table>
<thead>
<tr>
<th></th>
<th>Europe</th>
<th>Asia</th>
<th>North America</th>
<th>Latin America</th>
<th>Africa</th>
<th>Oceania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LA2: Total number and rate of new employee hires and employee turnover by age group, gender, and region.

Total number of new employee hires, broken down by gender

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2010/11</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total number of new employee hires, broken down by age group

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2010/11</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age Group &lt;30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age Group 30-50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age Group &gt;50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total number of new employee hires, broken down by region

<table>
<thead>
<tr>
<th></th>
<th>Europe</th>
<th>Asia</th>
<th>North America</th>
<th>Latin America</th>
<th>Africa</th>
<th>Oceania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total employee turnover, broken down by gender

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2010/11</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

• One full time employee seconded to the IIRC from 1 Feb 2012; as full costs are with the Secretariat and report is to GRI Chief Executive, the employee is included in the data
• GRI’s workforce includes staff seconded from other organizations; they are excluded from the data as they do not have an employment contract with GRI
• There were no volunteers at the Secretariat in 2011/12
• For employees with dual nationality, region is determined by country of birth
Total employee turnover by age group

- Average number of hours of training per year per employee, by gender, and by employee category.

**GRI’s Labor performance continued**

**LA10: Average hours of training per year per employee, by gender, and by employee category.**

<table>
<thead>
<tr>
<th>Employee Category</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management/ Director</td>
<td>7</td>
<td>7</td>
<td>106.5</td>
</tr>
<tr>
<td>(Sr.) Managers level</td>
<td>20</td>
<td>46.00</td>
<td>2.30</td>
</tr>
<tr>
<td>(Sr.) Coordinator level</td>
<td>19</td>
<td>78.5</td>
<td>4.13</td>
</tr>
<tr>
<td>Support Staff</td>
<td>11</td>
<td>30.5</td>
<td>2.77</td>
</tr>
<tr>
<td>Intern level</td>
<td>5</td>
<td>13</td>
<td>2.60</td>
</tr>
<tr>
<td>Volunteer</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>272</td>
<td>5.23</td>
</tr>
</tbody>
</table>

**Average number of training hours per year per gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>299.5</td>
<td>397.5</td>
</tr>
<tr>
<td>Female</td>
<td>61.75</td>
<td>7.36</td>
</tr>
</tbody>
</table>

- No significant difference in the average training hours for women or men
- Internal professional skills training led to increased training hours
- Gender data was not available for 2009/10

**LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.**

- Interns and volunteers are not included in the data
- One male employee, aged under 30, left Focal Point USA in 2011/12

**Total of injury, occupational diseases, lost days, and absentee workforce rates, by gender**

<table>
<thead>
<tr>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injury rate (IR)</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Occupational diseases rate (ODR)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lost day rate (LDR)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Absentee rate (AR)</td>
<td>130 days</td>
<td>189 days</td>
</tr>
<tr>
<td></td>
<td>(0.8%)</td>
<td>(1.2%)</td>
</tr>
<tr>
<td></td>
<td>138 days</td>
<td>293 days</td>
</tr>
<tr>
<td></td>
<td>(1.3%)</td>
<td>(1.3%)</td>
</tr>
<tr>
<td></td>
<td>199 days</td>
<td></td>
</tr>
<tr>
<td>Total Fatalities</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- Lost days calculated on the basis of scheduled work days and counted from first day of absence
- All data comes from one region (The Netherlands)
- Dutch law is applied for recording and reporting accident statistics

1 Minor first aid-level injuries are excluded in data
2 Correction to the 2010/11 Absentee rate was 0.8% (130 days), not 0.08% as previously reported

**Total of injury, occupational diseases, lost days, and absentee workforce rates, by gender**

<table>
<thead>
<tr>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Male</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- No significant difference in the average training hours for women or men
- Internal professional skills training led to increased training hours
- Gender data was not available for 2009/10
**Governance Bodies**

<table>
<thead>
<tr>
<th></th>
<th>2009/10 Female</th>
<th>2009/10 Male</th>
<th>2010/11 Female</th>
<th>2010/11 Male</th>
<th>2011/12 Female</th>
<th>2011/12 Male</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>2</td>
<td>12</td>
<td>3</td>
<td>11</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>%</td>
<td>14</td>
<td>86</td>
<td>21</td>
<td>79</td>
<td>35.7</td>
<td>64.3</td>
</tr>
<tr>
<td><strong>Stakeholder Council</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>25</td>
<td>25</td>
<td>23</td>
<td>27</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>%</td>
<td>50</td>
<td>50</td>
<td>46</td>
<td>54</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td><strong>Technical Advisory Committee</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>2</td>
<td>8</td>
<td>1</td>
<td>7</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>%</td>
<td>20</td>
<td>80</td>
<td>10</td>
<td>87</td>
<td>20</td>
<td>41</td>
</tr>
</tbody>
</table>

- Increase due to roll out of Performance Management Methodology (PMM)

**LA14: Ratio of basic salary of men to women by employee category.**

- Salaries are linked to job levels and performance, regardless of gender
- Variation in average basic salary is due to difference in expertise and experience

---

**LA12: Percentage of employees receiving regular performance and career development reviews.**

- GRI will start collecting age group-related data for Indicator LA13 and will fully report this data by 2014/15

---

**LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.**

- Percentage of employees per age group and by gender

---

**Summary of gender balance**

- Salaries are linked to job levels and performance, regardless of gender
- Variation in average basic salary is due to difference in expertise and experience
GRI’s Labor performance continued

LA15: Return to work and retention rates after parental leave, by gender.

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td>Male</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>49</td>
<td>55</td>
</tr>
</tbody>
</table>

- Visual shows number of employees entitled to parental leave
- Parental leave includes maternity leave
- Female employees, including interns, are entitled to 16 weeks paid maternity leave
- All female and male employees, except interns, are entitled to 1040 hours unpaid parental leave per child for children under 8 years old
- In 2011/12, 8 employees (2 male and 6 female) took parental leave – an increase from 6 (2 male and 4 female) in 2010/11. All of them returned to work, and 6 were still employed 12 months after their return

Management approach

GRI’s Secretariat of 62 staff works in a one-floor office and has limited environmental impacts. These disclosures do not cover the following Aspects, which are considered to be not material: Water, Biodiversity, Products and Services, Overall.

The Director of Operations is the most senior post holder directly responsible for environmental performance. GRI finalized its Sustainable Procurement, Sustainability, Environmental and Travel policies in February 2012. The Operations department designed these policies, and manages their implementation with the assistance of the Sustainability Management and Reporting Team (SMART). Energy consumption, paper consumption, sustainable procurement and travel-related CO₂ emissions are all monitored.

A ‘name and shame’ policy highlights particular departments’ printing levels.

In 2011/12 GRI introduced a green office program to promote staff awareness of environmental performance. A display area in a communal space was created to promote environmental topics, give tips on improvements, and monitor GRI’s performance. This display is updated at least once a month.

Results against targets set for 2011/12 included:
- Significant reduction in CO₂ emissions by changing energy provider
- Offsetting of Secretariat CO₂ emissions (heating/energy, flights, paper use)
- Reduce travel mileage to minimize emissions, using a travel agency with more sustainable processes
- Regular checks of existing supplies before re-ordering
- Staff encouraged to perform cost/benefit analysis for the purchase of sustainable products, as per Sustainable Procurement policy
Environmental Indicators

**EN2: Percentage of materials used that are recycled input materials.**

<table>
<thead>
<tr>
<th>Total paper used</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Paper (kg)</td>
<td>5,820.66</td>
<td>1,630.57</td>
<td>1,573.96</td>
</tr>
<tr>
<td>Recycled Paper (kg)</td>
<td>5,400.26</td>
<td>1,546.32</td>
<td>1,550.41</td>
</tr>
<tr>
<td>Recycled Paper (%)</td>
<td>92.78</td>
<td>94.83</td>
<td>98.5</td>
</tr>
</tbody>
</table>

- Paper is the input material that GRI purchases and uses most for its work
- Paper usage was higher in 2009/10 due to GRI’s Global Conference

**EN4: Indirect energy consumption by primary source.**

<table>
<thead>
<tr>
<th>Total amount of indirect energy used – Electricity Consumption (GJ)</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>296.40</td>
<td>299.79</td>
<td>218.86</td>
<td></td>
</tr>
</tbody>
</table>

- GRI only produces indirect greenhouse gas (GHG) emissions
- The Greenhouse Gas Protocol provides the methodology used for calculating GHG emissions per source
- At the start of 2012 GRI switched from Essent to Main Energy, a green gas and energy provider
- Energy CO2 emissions do not need to be offset, as energy is already CO2 neutral from 1 January 2012
- Decrease in tons of CO2 emission for electricity is only the CO2 emission from the last half of 2011

**EN7: Initiatives to reduce indirect energy consumption and reductions achieved.**

- GRI has Travel and Sustainability Policies in place to reduce indirect energy consumption. This includes a ‘radar-system approach’ to combine business appointments into one journey, and registration of all CO2 emissions
- Office energy consumption and CO2 emission was considerably reduced by changing energy provider
- GRI reads the KWH meter for its information

**EN16: Total direct and indirect greenhouse gas emissions by weight.**

<table>
<thead>
<tr>
<th>Total greenhouse gas emissions</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Electricity Consumption</td>
<td>32.47</td>
<td>46.87</td>
<td>24.91</td>
</tr>
<tr>
<td>- Heating Consumption</td>
<td>79.34</td>
<td>82.93</td>
<td>50.41</td>
</tr>
</tbody>
</table>

**EN17: Other relevant indirect greenhouse gas emissions by weight.**

<table>
<thead>
<tr>
<th>Total indirect GHG emissions identified in tonnes of CO2 equivalent</th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>- SECRETARIAT</td>
<td>125</td>
<td>250</td>
<td>375</td>
</tr>
<tr>
<td>- WORKING GROUPS</td>
<td>500</td>
<td>625</td>
<td>750</td>
</tr>
<tr>
<td>- GOVERNANCE BODIES</td>
<td>875</td>
<td>1000</td>
<td>1125</td>
</tr>
<tr>
<td>- CONFERENCE</td>
<td>1375</td>
<td>1500</td>
<td>1375</td>
</tr>
</tbody>
</table>

- Energy and heating providers are chosen by the building owner. GRI measures the amount of energy used
E29: Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

**CO₂ from GRI's operations business air travel in tonnes**

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>612.88</td>
<td>482.94</td>
<td>536.81</td>
</tr>
</tbody>
</table>

- There are no significant environmental impacts from the transporting of products.
- The most significant environmental impacts arise from travel by Secretariat staff, governance body members and Framework Working Group participants.

**Introduction**

Stakeholder engagement is an important part of sustainability and sustainability reporting.

With this in mind, an External Feedback Committee (EFC) has provided independent expert opinion on the Annual Report 2011/12. The EFC does not provide formal verification of data accuracy or completeness; instead, its members focus on the report’s scope, and if the reported information meets stakeholders’ needs.

The EFC then contributes a consensus-based statement commenting on GRI’s sustainability management, performance and reporting.

**External Feedback Committee members**

GRI contacted representatives from different stakeholder groups to ensure multi-stakeholder representation on the EFC. The five members for 2011/12 are:

- Dr. Carol Adams, Global Director of Standards, AccountAbility, Australia
- Guy Bigwood, Group Sustainability Director, MCI, Spain
- Leon Kaye, Founder and Editor, GreenGoPost.com, USA
- Matthijs van de Pol, Policymaker, Corporate Social Responsibility/Sustainability, Ministry of Economic Affairs, Agriculture and Innovation, The Netherlands
- Shireen Naidoo, Director Climate Change and Sustainability Services, KPMG, South Africa

**Process**

The EFC members were provided with a pre-final draft of the report text, followed by a pre-final designed version. Guiding questions were asked of the EFC members, who collaborated on their statement via email, conference call, and in shared documents.

GRI’s response to the EFC’s valuable feedback is also included below.

GRI thanks each EFC member for kindly volunteering their time and expertise for this exercise, and will refer to, and respond to, their inputs in its next reporting cycle.

**External Feedback Committee Statement**

GRI has successfully combined its previously separate sustainability report and activity report in this Annual Report for 2011/2012, and has also produced a more timely report. The Disclosure on Management Approach has improved on last year and GRI has also responded to the suggestion of last year’s External Feedback Committee for a more in-depth analysis of the strategic context in which it operates. In addition, GRI has responded to feedback received from stakeholders.

The report could be further improved by including more discussion of the overall strategy of GRI and analysis of risks and opportunities. We would like to see more information on the process of determining material issues (see AA1000APS) and felt there was room for improvement in the storyline and structure of the report to ensure focus on material issues and readability. GRI could experiment with more innovative forms of communication and aspects of the report design to increase reader engagement with key issues.

We recommend that next year GRI includes more quantified performance data, comparative data, quantified targets and reporting of performance against key targets. A short summary of this information would assist users in assessing performance.

At this stage in the evolution of its sustainability reporting, we would like to see an external assurance statement which covers the materiality process and responsiveness to stakeholders. This would facilitate improvement of internal processes, better focus on material issues and improved overall performance. While indicative of GRI’s commitment to transparency, this statement does not replace a third party external assurance.
External Feedback Committee continued

GRI’s Response

GRI will include more analysis of its overall strategy, risks and opportunities in its next report.

The Committee’s request for more information on the determining of material issues, and the related stakeholder engagement, is very valuable. This process was last undertaken for the 2010/11 sustainability report, and GRI has been able to respond by providing a hyperlink to this information on page 7 of the Annual Report.

Decision making on the storyline and structure of GRI’s report involves a variety of internal stakeholders: Secretariat teams, Board members, Advisory Group members. This results in diverse inputs about the sequence and prominence of information. GRI will continue to seek consensus on its report structure to best meet readers’ needs, and will also consider innovative design features.

GRI recognizes that quantified, comparable performance data is needed by stakeholders – particularly for targets - and welcomes the suggestion to present an increased amount of such information in a short summary.

GRI concurs with the Committee’s view that its statement does not replace external third party assurance. GRI promotes the value of external assurance for sustainability reports, and will continue to assess the implementation of assurance for its own value of external assurance for sustainability reports, and will not replace external third party assurance. GRI promotes the GRI concurs with the Committee's view that its statement does not replace external third party assurance.

GRI recognizes that quantified, comparable performance data is needed by stakeholders – particularly for targets - and welcomes the suggestion to present an increased amount of such information in a short summary.

GRI extends great thanks to the External Feedback Committee for its input.

Glossary

Application Level – a measure that indicates the amount of GRI disclosures addressed in a report.

Application Level Check – a service provided by GRI to verify the Application Level declared by an organization.

Certified Training Partners – organizations certified by GRI to provide Certified Training courses for sustainability reporting all over the world.

The Corporate Sustainability Reporting Coalition – a coalition led by Aviva Investors that advocates a report or explain approach to sustainability reporting policy.

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

The Earth Charter Initiative – a declaration of fundamental ethical principles for building a just, sustainable and peaceful global society in the 21st century.

Featured Reports – reports that are featured through GRI’s communication channels for a fee.

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

Governmental Advisory Group (Gov Group) – an advisory group that is not part of GRI’s governance structure.

Green Economy – an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities (UNEP).

The Green Economy Coalition – a diverse set of organizations and sectors including NGOs, research institutes, UN organizations, business and trade unions, with a vision of a resilient economy that provides a better quality of life for all within the ecological limits of the planet.

The Group of Friends of Paragraph 47 – a group of governments that have joined together in support of paragraph 47 of the UN Rio+20 Conference outcome document. Brazil, Denmark, France and South Africa formed the Group to advance corporate sustainability reporting, and have invited GRI and UNEP to support them.

Mediating Institutions – a broad category of organizations with a principal function to provide research, advice, professional services, standards and regulation with regards to the market and/or public relations between reporting entities and their stakeholders. The category includes, but is not restricted to, accountancy, consulting, academic institutions, standard setters and public entities.

National Annex – a tailored version of the GRI Guidelines for a particular country. GRI is currently developing the first pilot Brazil National Annex.

Organizational Stakeholders (OS) – GRI’s core supporters. They put their name to GRI’s mission, play an important governance role, and provide key funding for GRI activity.

Report or explain – an approach to sustainability reporting policy promoted by GRI, where organizations report their sustainability performance or explain why if they do not.

Rio+20 – the UN Conference on Sustainable Development, held in Rio in June 2012.

Sector Supplement – sector-specific versions of GRI’s Sustainability Reporting Guidelines.

Sustainability report – an organizational report that gives information about economic, environmental, social and governance performance.

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

XBRL taxonomy – an industry-specific categorization scheme that defines and ‘tags’ data in relation to its purpose, framework or outline. It enables users to uniquely tag and identify individual detailed reporting elements which can be easily shared electronically. In the case of the GRI Taxonomy, data can be tagged following the GRI Guidelines.
Acknowledgements

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Corrections from last year's report
Three data points for 2009/10 have been corrected in Indicators LA10 and LA12.
Two data points for 2010/11 have been corrected in Indicators LA1 and LA10.