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Meaningful reporting: How to avoid 'greenwashing'

A meaningful sustainability report is very valuable for companies and their stakeholders. The issues covered in a sustainability report can inform sound strategies, and enable stakeholders to engage in dialogue that builds mutual understanding and trust. Stakeholder input and feedback are critical – a point that is emphasized in all widely-accepted international sustainability frameworks, including GRI's.

Governments can play a crucial role in ensuring meaningful reporting. Firstly, by promoting the use of internationally recognized frameworks, allowing comparability. Secondly, they could also play a vital role promoting engagement and dialogue between stakeholders. Similarly, governmental award schemes, research and benchmarking can mean that reports are open to proper public scrutiny. Governmental dialogue with civil society, investors and other stakeholders can also empower report users.

Meaningful reports can be created by following several golden rules; the current best practice among leading sustainability reporting companies worldwide:

- Ensure a report provides a reasonable and balanced representation of the organization's sustainability performance, including both its positive and negative contributions
- Stakeholder engagement based on internationally-accepted guidance
- Value chain mapping in place
- Material topics selected in line with industry best practice
- Disclose information on material topics, and provide narrative context where significant impacts occur
- Relate sustainability impacts to overall business strategy

To encourage reports to be reasonable and balanced, GRI's Guidelines include 10 Reporting Principles for organizations to observe. The following principles are particularly relevant for avoiding 'greenwashing':

<u>Balance</u>: The report should reflect an organization's positive and negative sustainability impacts to enable a reasoned assessment of overall performance.

<u>Comparability</u>: Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and analyze performance in comparison to other organizations.

<u>Timeliness:</u> Reporting should follow a regular schedule, and information should be available in time for stakeholders to make informed decisions.

<u>Accuracy:</u> The reported information should be sufficiently accurate and detailed for stakeholders to assess performance.

<u>Clarity:</u> Information should be presented in a manner that is understandable and accessible to stakeholders.

Reliability: Information and processes used in the preparation of the report should be disclosed in a way that could be subject to examination, and that establishes the quality and materiality of the information.

This document is part of a series of pagers on topics related to Sustainability Reporting and should be read in conjunction with the Global Reporting Initiative (GRI) non-paper on the Renewed EU Strategy 2011–2014 for Corporate Social Responsibility (CSR) and the European Commission's proposal for a Directive on non-financial information disclosure available at: www.globalreporting.org/resourcelibrary/GRI-non-paper-Report-or-Explain.pdf

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