

## The benefits of sustainability reporting

Sustainability reporting is a vital step towards achieving a sustainable global economy. Reporting enhances companies' accountability for their impacts and therefore enhances trust, facilitating the sharing of values on which to build a more cohesive society. The availability of sustainability information can be used by governments to assess the impact and contribution of businesses to the economy and to understand which issues are being tackled by which players.

Widespread sustainability reporting practices, creating transparency, can help markets function more efficiently and indicate the health of the economy; and help drive progress by all organizations towards a smart, sustainable and inclusive growth. Organizations can use reporting to inform their risk analysis strategies and boost their business. A growing number of companies see sustainability reporting as a means to drive greater innovation through their businesses and products to create a competitive advantage in the market. Governments, businesses and stakeholders all directly benefit from it, and the positive impact on social, environmental and human rights issues is evident.

Specifically for organizations, sustainability reporting adds value in a number of areas:

### **Building trust**

Transparency about non-financial performance can help to reduce reputational risks, open up dialogue with stakeholders such as customers, communities and investors, and demonstrate leadership, openness and accountability.

### **Improved processes and systems**

Internal management and decision-making processes can be examined and improved, leading to cost reductions by measuring and monitoring such issues as energy consumption, materials use, and waste.

### **Progressing vision and strategy**

Comprehensive analysis of strengths and weaknesses, and the engagement with stakeholders that is necessary for sustainability reporting, can lead to more robust and wide-ranging organizational visions and strategies. Importantly, companies can make sustainability an integral part of their strategies.

### **Reducing compliance costs**

Measuring sustainability performance can help companies to meet regulatory requirements effectively, avoid costly breaches, and gather necessary data in a more efficient and cost-effective way.

### **Competitive advantage**

Companies seen as leaders and innovators can be in a stronger bargaining position when it comes to attracting investment, initiating new activities, entering new markets, and negotiating contracts.

This document is part of a series of papers 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](http://www.globalreporting.org/resourcelibrary/GRI-non-paper-Report-or-Explain.pdf)

**GRI contact person**

Pietro Bertazzi - Senior Manager Policy and Government Affairs

+31 (0)20 531 00 64

[bertazzi@globalreporting.org](mailto:bertazzi@globalreporting.org)

The Global Reporting Initiative (GRI) promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to a sustainable global economy.

GRI’s mission is to make sustainability reporting standard practice. To enable all companies and organizations to report their economic, environmental, social and governance performance, GRI produces free Sustainability Reporting Guidelines.

GRI is an international not-for-profit organization, with a network-based structure. Its activity involves thousands of professionals and organizations from many sectors, constituencies and regions.

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