

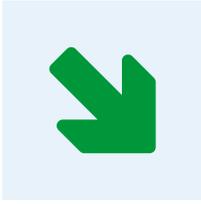
# G4



## An introduction to G4

The next generation of sustainability reporting





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## The next generation of sustainability reporting

An ever-greater number of companies and other organizations are recognizing the need to make their operations more sustainable. At the same time, governments, stock exchanges, markets, investors, and society at large are calling on companies to be transparent about their sustainability goals, performance and impacts. The GRI Sustainability Reporting Guidelines – the most widely used comprehensive sustainability reporting standard in the world – provide organizations with the tools to meet these challenges.

A sustainability report conveys disclosures on an organization's most critical impacts – be they positive or negative – on the environment, society and the economy. By using the Guidelines, reporting organizations can generate reliable, relevant and standardized information with which to assess opportunities and risks, and enable more informed decision-making – both within the business and among its stakeholders.

By developing and communicating their understanding about the connections between sustainability and business, companies can enhance

their value, measure and manage change, and drive improvement and innovation.

G4, the fourth generation of the Guidelines, was launched in May 2013. The launch marked the culmination of two years of extensive stakeholder consultation and dialogue with hundreds of experts from across the world from a wide variety of sectors, including companies, civil society, labor organizations, academia, and finance. The aim of G4 is simple: to help reporters prepare sustainability reports that matter – and to make robust and purposeful sustainability reporting standard practice.

 Disclaimer: This brochure is intended to provide a brief introductory overview of G4 for those unfamiliar with the GRI Guidelines. It does not replace the technical definitions of the Guidelines, which are definitive.



## ➡ The journey to sustainability

*Getting to grips with sustainability reporting can seem daunting to the beginner. But it is important to remember that sustainability reporting is a journey. In a world of complex challenges in which change is sometimes the only constant, no organization has all the answers at any one time. G4 is designed to reflect this.*

*It is quite possible that an organization may identify material topics for which it does not yet have a monitoring system or even a policy. A report that acknowledges impacts and risks, and outlines transparently the challenges that the company faces and the steps it needs to take to address them, is entirely consistent with the goals of G4, with a view to promoting the change that is most relevant for the company and its stakeholders.*

### **FLEXIBLE AND GLOBALLY RELEVANT**

G4 is designed to be universally applicable to all organizations of all types and sectors, large and small, across the world.

G4 includes references to other widely recognized frameworks, and is designed as a consolidated framework for reporting performance against different codes and norms for sustainability. This includes harmonization with other important global frameworks, including the OECD Guidelines for Multinational Enterprises, the UN Global Compact Principles, and the UN Guiding Principles on Business and Human Rights.

The guidance in G4 is designed to be compatible with a range of different reporting formats. In addition to enhancing the relevance and quality of standalone sustainability reports, G4 also offers a widely recognized global standard for sustainability information to be included in integrated reports.

### **SPOTLIGHT ON MATERIALITY**

A robust sustainability report is far more than a mere data gathering or compliance exercise. It makes abstract issues tangible and concrete, helping organizations to set goals, measure performance, and manage change. These are matters directly related to an organization's core business strategy.

To support organizations on this strategic journey, G4 places the concept of materiality at the heart of sustainability reporting. This means encouraging reporting organizations to only provide information on the issues that are really critical in order to achieve the the organization's goals for sustainability and manage its impact on environment and society. This will result in reports that are strategic and focused.

Materiality is the threshold at which the sustainability subjects covered by the Guidelines – known as 'Aspects' – become sufficiently important that they should be



reported. G4-based reports should cover Aspects that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders.

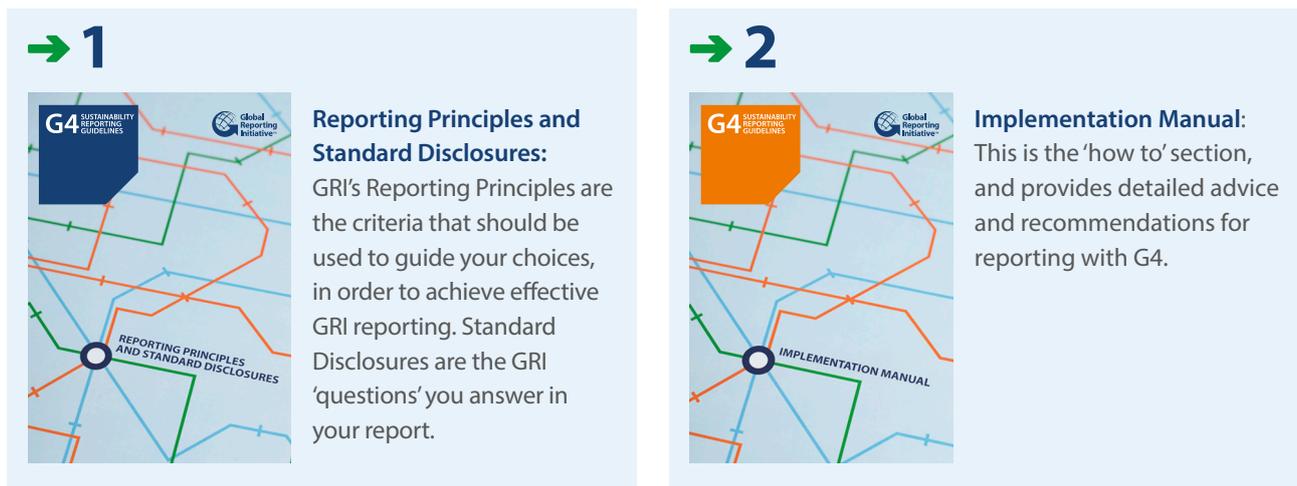
Key stakeholders – such as investors, market regulators, civil society, suppliers, employees or customers – have a vital role to play in informing an organization's materiality assessment. Taking stakeholders' views into account

is central to developing a robust understanding of a company's economic, environmental, and social impacts, and of how these relate to business value and resilience.

In this way G4 invites companies to analyze the fundamental links between their sustainability impacts and their business strategy and operations. By taking a strategic and materiality-based approach, organizations will get greater value out of reporting, and a greater return for the resources they invest.

## The structure and format of G4

G4 is presented in two separate documents:



## Preparing the content of your report

### DEFINING ASPECTS AND BOUNDARIES

The preparation of a G4 report starts with the process of defining material Aspects and Boundaries.

Material Aspects are issues that are significant to a business' economic, environmental and social impacts and that substantively influence the assessments and decisions of its stakeholders.

Having identified its material Aspects, an organization must assess and describe whether the impact of each one lies inside or outside the organization. This is the 'Boundary'. For example, for some companies, biodiversity is an issue. The impacts related to this material Aspect could be associated with the organization's own operations, or to entities outside the organization, such as suppliers or distributors. The G4 Guidelines contain guidance to help companies specify where an impact occurs.



By asking each organization to report on material Aspects both inside and outside its operational boundaries, G4 encourages reporters to provide a comprehensive picture of their economic, environmental and social impacts - both direct and indirect.

#### WHAT INFORMATION TO INCLUDE IN YOUR REPORT

There are two kinds of disclosures in G4:

1. **General Standard Disclosures:** these disclosures set the overall context for the report, providing a description of the organization and its reporting process. They apply to all organizations, regardless of their materiality assessment. There are seven types of General Standard Disclosures, ranging from the organization's strategic perspective on addressing sustainability issues, and how it involves stakeholders in this process, to how it approaches key issues such as governance and ethics and integrity.
2. **Specific Standard Disclosures:** these are divided into two areas:

#### **Management Approach (DMA)**

The Disclosures on Management Approach (DMA) provide the organization with an opportunity to explain how it is managing its material economic, environmental or social impacts (Aspects), thus providing an overview of its approach to sustainability issues.

The DMA focus on three things: describing why an Aspect is material, how its impacts are being managed, and how the approach to managing this Aspect is being evaluated.

#### **Indicators**

Indicators allow companies to provide comparable information on their economic, environmental and social impacts and performance. Much of this is in the form of quantitative data. Organizations are only required to provide Indicators on Aspects that they and their stakeholders have identified as material to the business. G4 contains Indicators for a wide range of sustainability issues. For example, these could include water usage, health and safety, human rights or an organization's impact on local communities.



## How to report 'in accordance' with the Guidelines

If they wish to demonstrate that their report is 'in accordance' with the Guidelines, organizations must self-declare how GRI's Guidelines have been applied in their sustainability report.

GRI recognizes that sustainability reporting is not one-size-fits-all. G4 therefore allows organizations to choose between two 'in accordance' options – Core or Comprehensive, based on which best meets their reporting needs and those of their stakeholders. The options do not relate to the quality of the report or to the performance of the organization; rather, they reflect the degree to which the Guidelines have been applied.

### THE CORE OPTION

This option contains the essential elements

of a sustainability report and provides the background against which an organization communicates its economic, environmental, social, and governance performance and impacts. Reporting on the organization's management approach (DMA) related to its material Aspects is an essential requirement. Under the Core option, an organization must report at least one Indicator for all identified material Aspects.

### THE COMPREHENSIVE OPTION

This builds on the Core option by requiring a number of additional disclosures about the organization's strategy and analysis, governance, ethics and integrity. Under the Comprehensive option, an organization must report all Indicators for all identified material Aspects.

### OMISSIONS

The Guidelines recognize that, in exceptional cases, it may not be possible for an organization to disclose certain information. In those cases, the report should clearly identify the required information that has been omitted and indicate which explanation applies, from a list provided in the Guidelines.

### PARTIAL APPLICATION OF THE GRI GUIDELINES

This alternative may be useful for organizations that are required to report certain Indicators under a regulatory framework, or for first-time reporting organizations that need a longer transition period before they can claim to be 'in accordance' with the Guidelines.

While an organization that partially applies the Guidelines cannot self-declare that they are 'in accordance', they can choose to disclose that their report contains GRI Standard Disclosures. However,

the organization must list these disclosures and their location in its sustainability report.

### REPORTING ON SECTOR-SPECIFIC ISSUES

Many sectors face unique sustainability issues that should be captured in sustainability reports. These issues may not be covered in the Guidelines. GRI's Sector Disclosures provide additional sector-specific guidance and disclosures to be used in conjunction with the Guidelines. In order for a reporting organization to declare that its report has been prepared 'in accordance' with the Guidelines, sector-specific disclosures must be provided wherever GRI Sector Disclosures are available and they apply to the organization's sector.

Examples of the issues covered in the Sector Disclosures include noise measurement for airports, the resettlement of people for mining and metals companies, animal welfare for the food processing industry, and program effectiveness for non-governmental organizations.



Visit the GRI website at [www.globalreporting.org](http://www.globalreporting.org) for the latest information on available Sector Disclosures that may apply to your organization.

### TRANSPARENCY ON ASSURANCE

External assurance can greatly enhance the credibility of sustainability disclosures. The G4 Guidelines ask companies to state their policy and practice on external assurance as part of their report. While GRI recommends the use of external assurance, this is not a requirement in order for a company to prepare a report 'in accordance' with the G4 Guidelines. However, should a company wish to present its report as externally assured, it must provide an external assurance statement.

### FURTHER READING AND RESOURCES

GRI provides a wide range of free resources on its website – [www.globalreporting.org/g4](http://www.globalreporting.org/g4) – to help you take your first steps into the world of sustainability reporting. Here you can:

- Access G4 Online
- Download the G4 Guidelines
- Access a list of answers to Frequently Asked Questions about G4
- Download Sector Disclosures
- Download linkage documents on how G4 can be used in conjunction with other important global frameworks
- Access learning and research publications
- Find out about GRI Certified Training courses in your area
- Find out about the 'Materiality Matters' check service
- Download translations of G4 in different languages

Visit GRI's database at [database.globalreporting.org](http://database.globalreporting.org) to find examples of reports.

If you have a technical enquiry about reporting with G4, you may find the answer in the [G4 FAQs](#). Alternatively, you can email [guidelines@globalreporting.org](mailto:guidelines@globalreporting.org).



### SIX ESSENTIAL ELEMENTS TO INCLUDE IN YOUR G4 REPORT

- Choose the 'in accordance' option that is right for your organization, and meet the requirements
- Explain how you have defined the organization's material Aspects, based on impacts and the expectations of stakeholders
- Indicate clearly where impacts occur (Boundaries)
- Describe the organization's approach to managing each of its material Aspects (DMA)
- Report Indicators for each material Aspect according to the chosen 'in accordance' option
- Help your stakeholders find relevant content by providing a GRI Content Index

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### ABOUT GRI

The Global Reporting Initiative (GRI) promotes the use of sustainability reporting as a way for companies and 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 and impacts, 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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**GLOBAL REPORTING INITIATIVE**

PO Box 10039

1001 EA Amsterdam

The Netherlands

Telephone: +31(0) 20 531 00 00

Facsimile: +31(0) 20 531 00 31

[www.globalreporting.org](http://www.globalreporting.org)

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**Become a GRI Organizational Stakeholder!**

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