

# Making the Switch

A brief guide for experienced report makers on transitioning to the G3 Guidelines

# Major Improvements in the GRI Guidelines



Improvement	Benefits	*
<b>Application Levels</b> support reporting across a wide range of levels. They replace the “in accordance” and “incremental” levels used in the 2002 Guidelines.	This system provides: <ul style="list-style-type: none"> <li>• <b>Report readers</b> with more clarity about the extent to which the GRI Reporting Framework elements have been applied.</li> <li>• <b>Report makers</b> with a path for expanding application of the GRI Reporting Framework over time.</li> </ul>	P.8
<b>Principles</b> are better defined, now include self-tests, and are given more prominence.	Use the self-tests to determine report content and improve report quality, for a more focused report.	P.4
<b>Strategy and Analysis</b> disclosures set the stage.	A new section aimed to provide a concise overview of your organization’s strategic approach to sustainability management, including information that will be of specific value for users from the financial community.	P.6
The <b>disclosure on management approach</b> (DMA) consolidates policy/system information for each category.	Use these disclosures to concisely describe how your organization manages and integrates sustainability to achieve results. It also provides context for understanding performance.	P.6
<b>Performance indicators refocused and consolidated.</b> 2002=97 G3=79	See <a href="http://www.globalreporting.org">www.globalreporting.org</a> for a spreadsheet detailing the changes from G2 to G3 for every indicator.	*
<b>Protocols for each indicator.</b>	Protocols provide consistent compilation methods, definitions and related guidance to ensure better assurability of a report and greater comparability between reports.	P.7
<b>Economic indicators</b> address a wider range of impacts/issues.	Another step in the further development of a maturing field. The indicators address the organization’s impacts on the economic conditions of its stakeholders and on economic systems. Financial measures are consolidated into one indicator.	*
Consolidation of <b>environmental indicators.</b>	Re-focused biodiversity and water indicators.	*
<b>Social indicators</b> reworked to be more measurable and auditable.	Including more performance-oriented indicators increases credibility with numerous stakeholders, and increases comparability of reports. Gender diversity added.	*

\* See [www.globalreporting.org](http://www.globalreporting.org) for further information on the changes between 2002 and G3

## G3 Means Renewed Focus

**The new G3 Guidelines provide the perfect opportunity for you to refresh and re-focus your reporting processes.**

Take a close look at the G3 Guidelines and you will see they are clearly built upon the 2002 version, but the content is reorganized, prioritized differently, and streamlined to bring about improved communications with your stakeholders.

The G3 Guidelines are not a checklist or a regulatory requirement. An organization does not need to follow them to the letter. The Guidelines should be seen as a process tool for improving reporting, not simply a reference.



**“The G3 will continue to engage leaders while also helping beginners - it is more streamlined and accessible than before.”**

- G3 public comment period respondent

### A Transition Period

Report makers experienced with the 2002 Guidelines will want to decide themselves how to transition to the G3 Guidelines. **GRI will continue to recognize reports based on the 2002 Guidelines for two full reporting cycles.** During this time, you are encouraged to incrementally adjust to the G3 based on your reporting needs.

### Advances Stem from Experience

Over time, and in response to the world's experience, elements of the G3 version will also be reviewed and updated, based on your practical experiences and reporting needs. Some areas of the Guidelines are mature and stable, and others, such as the human rights and community-related indicators, reflect a discussion that is still in flux and evolving. These areas are prioritized for incremental improvements over the next years. The G3, however, should be considered a reliable basis for reporting.

If you have used a Sector Supplement in addition to the Guidelines, take note that it is one of GRI's priorities to calibrate, and modify where necessary, existing sector supplements to fit the G3 Guidelines.

Sustainability reporting is still a relatively young phenomenon. **As your experience with reporting evolves, so will the GRI Reporting Framework.**

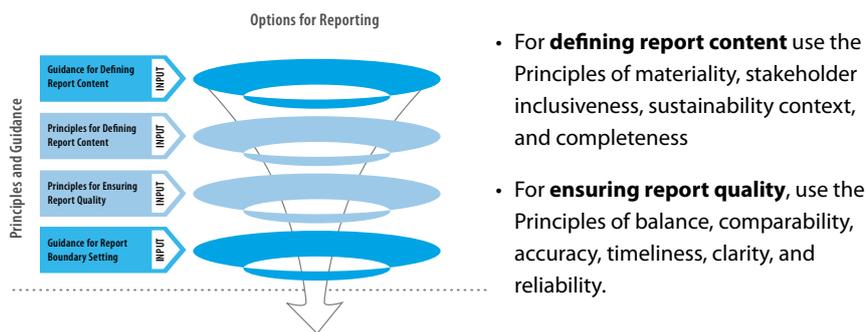


## Top Ten Transition Tips

There are many ways for you to transition to the G3 Guidelines. Some suggestions are offered below about where you might take advantage of new opportunities offered by the G3 Guidelines to take your reporting to the next level. Even if you are a seasoned reporter, it's important to periodically re-visit all aspects of your reporting to refresh the process. In all likelihood you will identify ways to streamline your reporting and make it more effective.

### 1. Apply the Reporting Principles.

Use the Reporting Principles presented in Part 1 of the G3 Guidelines to guide the reporting process, and find opportunities to improve your approach to reporting. A significant innovation in the G3 Guidelines is a set of self-tests that can be used to assess whether or not you have applied the Principle.



- For **defining report content** use the Principles of materiality, stakeholder inclusiveness, sustainability context, and completeness
- For **ensuring report quality**, use the Principles of balance, comparability, accuracy, timeliness, clarity, and reliability.

By applying the Principles you can potentially identify new indicators for inclusion and others that you have been using but that are no longer material. Following the Principles can lead to shorter reports. Reporting should not be a box-checking exercise; it should serve more as a systematic approach to communicating with stakeholders.

- Focus on the **Stakeholder Inclusiveness Principle** to effectively address the information needs of stakeholders.
- By applying the **Materiality Principle** you might determine not to include certain disclosures that you have used in the past because they fail to meet the tests of materiality.
- Check your final disclosure list against the **Completeness Principle**.

The G3 Guidelines are just as much about the reporting process and the principles as they are about Indicators.

### 2. Map your current indicators against those in G3.

Prepare a table that compares your current disclosures to those listed in the G3 Guidelines and identify gaps. Some of the gaps might be due to slight adjustments to the indicators in this revision. Identify the additional topics, related core indicators and other disclosures in G3 that are relevant and may be appropriate to report. More than likely, your reporting under the G3 Guidelines will be very similar to your reporting experience with the 2002 Guidelines.

As in the 2002 Guidelines, Core Indicators are generally applicable and are assumed to be material for most organizations. You should report on these unless they are deemed not material based on application of the Reporting Principles (see Tip 1).

Additional Indicators may be determined to be material via the same approach. It's also fine to report on indicators and provide context not specified in the G3 Guidelines, but unique to your organization's needs.

Visit [www.globalreporting.org](http://www.globalreporting.org) for a spreadsheet showing all the indicator changes from G2 to G3.

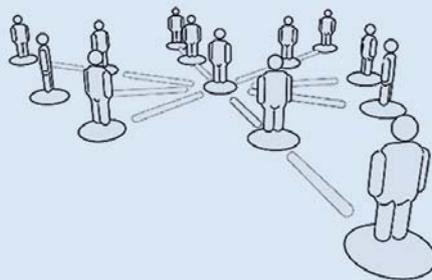
“The emphasis on stakeholder focus and the Reporting Principles as the bedrock of report preparation brings a needed balance to the Guidelines and help reporting organizations avoid a “box-checking” approach.”

- G3 public comment period respondent



### 3. Follow guidance on report boundary setting.

In parallel with defining the content of a report, you need to determine which entities’ (e.g., subsidiaries and joint ventures) performance will be included in the report. The report boundary should include the entities over which your organization exercises control or significant influence both in and through your relationships with various entities upstream (e.g., supply chain) and downstream (e.g., distribution and customers). Boundary guidance in the G3 Guidelines sets minimum expectations for the inclusion of entities upstream and downstream when reporting on indicators and management disclosures. The boundary for the report as a whole and for individual indicators might be different.

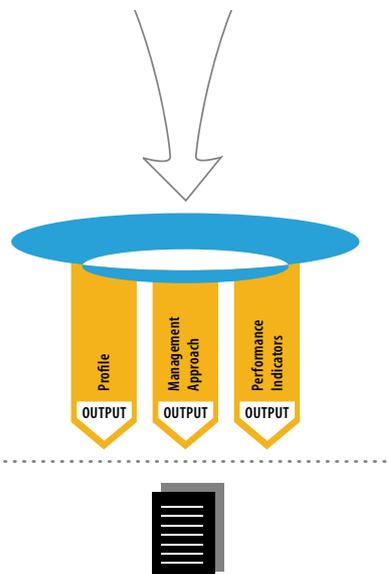


For further information refer to the **GRI Boundary Protocol**, available at:

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

### 4. Consider using the report structure recommended in G3.

The Standard Disclosures section of the G3 Guidelines presents a logical flow for sustainability reporting, but the GRI does not require conformance to this structure in published reports. The general flow moves from high level strategic issues, to management approach, and closes with performance results. It’s an easy way to make sure you cover all of the context and performance information that stakeholders around the world have identified as important.



Focused Sustainability Report

PROFILE >>> MANAGEMENT APPROACH >>> PERFORMANCE INDICATORS



## Top Ten Transition Tips

### 5. Create a concise strategic overview of your approach to sustainability.

Preparing a concise response to the Strategy and Analysis Disclosures (1.1 and 1.2) should significantly influence the rest of the report. These disclosures lead to the articulation of key issues and help sharpen the report focus. This will likely be of interest to investors among other stakeholders. The disclosure descriptions ask for insight on strategic topics, discussion of trends and challenges, and the most important risks and opportunities they present.

**How does your organization impact sustainability, and how does sustainability impact your organization?**



### 6. Gather scattered narrative into a DMA.

The purpose of a Disclosure on Management Approach (DMA) is to provide a brief overview of your approach to the aspects (e.g., energy, water, biodiversity) defined under each category (e.g., environment) in order to set the context for performance information. You can structure a DMA to cover the full range of aspects under a given category or address aspects in groupings of your choice. The overall aim of preparing a DMA is to describe how your organization manages sustainability to achieve results.

Management components:

- Goals and performance;
- Policy;
- Organizational responsibility;
- Training and awareness;
- Monitoring and follow-up;
- Additional contextual information

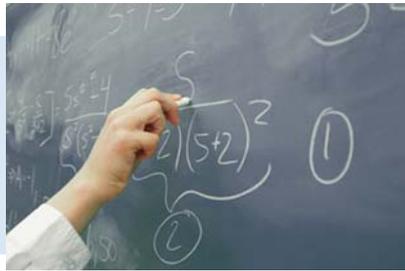


Because the 2002 Guidelines included disclosures on policies, and monitoring and training programs across various indicators, your previous reports might have included narrative about the various management components (listed in the box above) in scattered locations. Consolidate that information into a structured section for each category. A DMA is best placed near the related performance data to provide context.

## 7. Use the Indicator Protocols.

Don't assume that you can figure out what the indicator requires simply from reading its short heading in the Guidelines. Check the definitions and compilation sections of the Indicator Protocols carefully to make sure that you're currently tracking and measuring indicators consistent with the protocols. A first reading of the relevance section of each protocol might influence you to prioritize how and when to add new indicators to your reporting. You might have to slightly modify your measurements to ensure consistency with the protocols.

Previously, readers could not compare performance of one organization against another because of the wide variety of interpretations of the indicators. The clear definitions and compilation methods will contribute significantly to consistent disclosure, even if responsibility for compiling data for the report is assigned to different staff in subsequent years.



## 8. Develop a multi-year approach.

Prioritize incorporating new indicators and disclosures to arrive at where you want your reporting to be, based on your management and stakeholder needs. Some organizations might choose to introduce reporting on all material topics at once, while others might start with the most feasible and practical topics first and phase in reporting on other topics over time. Include modifications for measurement systems to ensure alignment with your new goals and measures.

Remember that sustainability reporting is a living process and tool, and does not begin or end with a printed or online publication. Reporting should fit into a broader process for setting organizational strategy, implementing action plans, and assessing outcomes. Reporting enables a robust assessment of the organization's performance, and can support continual improvement in performance over time. It also serves as a tool for engaging with stakeholders and securing useful input to organizational processes.

## 9. Use tips offered in the G3 Guidelines.

You will find ideas on various reporting issues beyond Principles and Standard Disclosures. The Guidelines make suggestions on data aggregation and disaggregation, assurance, report timing and medium. The Guidelines also include a glossary that clearly defines the terms. GRI's ever-expanding, online learning resources and forum offer other avenues to gather or contribute tips and experiences about the G3 Guidelines and strategies for making the transition.

**“The success of the G3 Guidelines will depend on how reporters use them. Following the principles, not shying away from difficult issues, and including trend data and targets are all up to the reporters.”**

-G3 public comment period respondent





## 10. Declare the level to which you have applied the Guidelines.

GRI recognizes that not all report makers are initially ready to apply the entire Reporting Framework, including all performance indicators, in their sustainability reports. Consequently, the Application Levels system was designed to demonstrate a pathway for incrementally developing, expanding, and deepening approaches to reporting over successive cycles. You determine which Application Level is most appropriate based on organizational concerns and current experience with stakeholders.

A report maker self-declares a reporting level that indicates to readers how much of the G3 Guidelines and other GRI Reporting Framework components have been applied in preparation of the report. There are three levels in the system (C, B, and A), and the reporting criteria increase in each level respectively. For example, at Level C you would include fewer performance indicators and profile disclosures than at Level A. In addition to the self-declaration, you can choose one or both of the following options:

- Have an assurance provider offer an opinion on the self-declaration; **or**
- Request that the GRI Secretariat check the self-declaration.

Report Application Level	C	C+	B	B+	A	A+
<b>G3 Profile Disclosures</b>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
<b>G3 Management Approach Disclosures</b>	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	Report Externally Assured
<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version



## About the Global Reporting Initiative

The Global Reporting Initiative's (GRI) vision is that reporting on economic, environmental, and social performance by all organizations becomes as routine and comparable as financial reporting. GRI accomplishes this vision by developing, continually improving, and building capacity around the use of the GRI's Sustainability Reporting Framework, the core of which is the Sustainability Reporting Guidelines. An international network of thousands from business, civil society, labor, and professional institutions create the content of the Reporting Framework in a consensus-seeking process.



Further information on the GRI and the Sustainability Reporting Guidelines may be obtained from:

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