



Global
Reporting
Initiative™

Ready to Report?

Introducing sustainability
reporting for SMEs



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Cover: © iStockphoto.com

Page 4, 8, 15, 17, 18, 19: © iStockphoto.com

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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 a not-for-profit, network-based organization; its activity involves thousands of professionals and organizations from many sectors, constituencies and regions.

www.globalreporting.org

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Foreword

As a small or medium-sized company you are reading this booklet because you want to know more about sustainability reporting. Let's assume that your company is one of the increasing number of Small and Medium-sized Enterprises (SMEs) that recognizes the need to better understand your sustainability impacts and how to make your business operations more sustainable and maybe even communicate your sustainability performance. But you probably have a lot of questions, such as... Why should your company do a sustainability report? Why should you use the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI)? What would your company have to do to take the first steps? This booklet will help you to answer these questions.

A sustainability report provides information on your company's most important impacts – positive or negative – on the environment, society and the economy. GRI's Sustainability Reporting Guidelines are the most widely used, comprehensive sustainability reporting standard in the world. G4, the fourth generation of the GRI Guidelines, was launched in May 2013 and involved extensive stakeholder consultation and dialogue with hundreds of experts all around the world, from a wide variety of sectors, including companies, civil society, labor organizations, academia, and finance. The aim of G4 is to help reporters prepare sustainability reports that matter – so that robust and purposeful sustainability reporting becomes standard practice. Your company can use these Guidelines to develop your sustainability report and in the process can generate reliable, relevant and standardized information on your sustainability impacts and performance. This information can then be used to assess opportunities and risks, and enable more informed decision-making – both within your business and among your stakeholders, such as your clients. By developing and communicating your understanding about the connections between sustainability and your business,

your company can measure its performance and manage change. This will drive improvement and innovation inside your company.

In recent years, Small and Medium-sized Enterprises (SMEs) in various regions have begun to publish their sustainability reports. GRI has followed this movement through a number of projects since 2008. SMEs that have participated in these projects say that the value of the reporting process was much greater than they had anticipated at the beginning of the process. They found that sustainability reporting helped them to identify their most significant issues to focus on and from there improve productivity and make cost savings. In addition, their competitiveness often improved after gaining access to new markets and new clients.

To conclude, GRI's experience is that many SMEs believe that there is a clear connection between sustainability reporting and achieving real change within their company.

With that in mind, GRI invites you to get "Ready to Report"!

Important to know!

A Small and Medium-sized Enterprise (SME) is a category of enterprise that falls below a certain threshold in size, often determined by number of employees and annual turnover (revenue). These thresholds are usually determined by governments and can vary between sectors, with a maximum of 250-1,000 employees and a turnover of up to €50 million. Further criteria determine whether a company is either medium or actually small. Some countries even recognize a "micro" enterprise as an even smaller type of business category. According to the United Nations Industrial Development Organization (UNIDO), SMEs make up more than 90% of businesses worldwide and on average account for 50% of the Gross Domestic Product (GDP) of all countries and for 60% of their employment.

Purpose of the booklet

This booklet is for SMEs that are considering whether sustainability reporting is relevant for them and if so, how to start the reporting process. It provides a simple introduction to sustainability reporting using the GRI G4 Guidelines so that your company can take the first steps in its sustainability reporting journey. This will be done by:

- **Making the case for sustainability reporting for SMEs:** Section A looks at the internal and external benefits of

sustainability reporting based on the experiences and testimonies of SMEs that GRI has engaged with in a number of projects since 2008.

- **Introducing five easy steps to preparing a sustainability report using the G4 Guidelines:** Section B details the steps for creating a GRI sustainability report using the five phase GRI model for a sustainability reporting process: Prepare, Connect, Define, Monitor and Report.

Section A

Value of sustainability reporting for SMEs



Value of sustainability reporting for SMEs

- 1. Value of internal changes (internal benefits)
- 2. Value of recognition (external benefits)

This section sets out what SMEs have discovered is the value of sustainability reporting. It is based on testimonies

from nearly 400 SMEs that the GRI has worked with in a number of *GRI-initiated projects*. The section is divided into two parts: "The value of internal changes" (internal benefits) and "The value of recognition" (external benefits).



1) These projects have been implemented under GRI's GANTSCH Program from 2009 to 2012 and the Business Transparency Program from 2013. See www.globalreporting.org/reporting/reporting-support/support/Pages/default.aspx for more information.

1. Value of internal changes (internal benefits)

1.1 DEVELOP VISION AND STRATEGY ON SUSTAINABILITY

The reporting process encourages your company to identify your vision and strategy for operating in a more sustainable manner, and for offering more sustainable products and services. During the reporting process, you are able to identify a link between the implementation of the reporting process and your strategic development.

“Completing a sustainability report meant reflecting and analyzing, learning to put quantifiable values on the sustainability of all parts of our business. This helped us to develop short-, medium- and long-term business objectives.” - Roser Bombardó, Manager, Socarrel SSL, Spain (Forestry & Environmental Advisory Services)



1.2 IMPROVE MANAGEMENT SYSTEMS, INTERNAL PROCESSES AND SET GOALS

A key benefit of the reporting process is that it allows your company to track progress and highlight areas needing improvement, so that you can manage what you measure and make changes where necessary. Once your company tracks and assesses its performance, you can identify areas where you could be doing better, e.g. potential productivity improvements and cost reductions. Once your company starts reporting, there will be increased expectations that you continually improve in relation to your performance goals.

“We have seen and observed that there are many savings possible as well as ways to make ourselves more efficient. This was only possible after data collection on energy, material consumption and monitoring productivity of our workforce.” - Imran Shabbir, Managing Director, Ali Trading Co. Ltd, Pakistan (Sporting Goods Manufacturing)



1.3 IDENTIFY STRENGTHS AND WEAKNESSES

The reporting process provides early warning of trouble spots – and shows up unexpected opportunities. These discoveries can help your company’s management to evaluate potentially damaging developments before they emerge as unwelcome surprises (i.e. risk management), and/or grab opportunities before your competitors. It is also possible that during the reporting process you discover that some issues are not as well managed as you first thought. This can put at risk the reputation of your company. It is also common that your company will identify critical issues which had not been considered before.

“Sustainability reporting instills commitment to monitor those issues more accurately and also to enhance the engagement of stakeholders in order to decrease negative impacts and increase positive ones.” - Jorge Quintas Serrano, Owner/Director, Quintas & Quintas, Portugal (Electrical Sector)



1.4 ATTRACT, MOTIVATE AND RETAIN EMPLOYEES

Your company’s high performance standards and reputation are “intangibles” that help to attract and motivate employees. The reporting process shows that your company is not just “talking” about sustainability issues, but is also prepared to publicly discuss, measure and act on them. This will increase the trust between your company as an employer and its employees and so enhance your reputation. In the end, your workforce will contribute more and stay longer if it is motivated, empowered, and in agreement with strategic objectives.

“Reporting within the GRI Framework is about asking questions about the economic, social and environmental impacts of your activities and looking for answers together with your staff. This process leads to increased employee awareness as well as motivated staff and increased productivity rates.” - Seyhan Yilmaz, Marketing Manager, Topkapi Iplik San. Ve Tic., Turkey (Textile Manufacturing)



2. Value of recognition (external benefits)

2.1 ENHANCE REPUTATION, ACHIEVE TRUST AND RESPECT

Your company's key stakeholders are influenced by the reputation, respect and trust you have earned. As such, there are always concerns about how much the reputation of your company might be damaged by public disclosure on potential risks or bad news. The natural instinct is for you to avoid such admissions; however, balanced reporting can create trust and respect. This means reporting both on what goes well and also on where there is room for improvement.

"Sustainability reporting has allowed us to demonstrate the synergies with those who we work with on a daily basis. As such, it has strengthened our role in the local economy of our territory and by doing so enhanced our company's reputation." - Rusó Macau Oliva, Managing Director Productes Alimentaris, Spain (Gourmet Food Production)



2.2 ATTRACTING FUNDING

Providers of financial capital are asking tough questions of companies these days. Lending institutions and investors increasingly take into consideration performance in different aspects of sustainability issues when evaluating companies, e.g. good governance, ethical values, social priorities and environmental actions. Non-profit organizations are in a similar situation where they are dependent on donors and/or sponsors to fund their project activities. Implementing a GRI reporting process can help your company to improve the general management of sustainability issues and be prepared to talk openly about your performance. This demonstrates high-quality performance management which can provide access to funds.

"Reporting transformed us and differentiated us from the others, made the exporters notice us and we are now seen as pioneers. Banks and financial institutions also recognize our efforts." - Julio Hernandez Flores, Head of Worker Health, Security and Wellbeing, Soc. Inmobiliaria Campos del Carmen Bajo Ltda, Chile (Agricultural Industry)



2.3 TRANSPARENCY AND DIALOGUE WITH STAKEHOLDERS

The sustainability reporting process is an important tool to achieve transparency and disclose sustainability performance to your company's stakeholders. As an SME, your stakeholders are likely to be clients, suppliers, local community pressure groups, providers of financial capital, employees and owners. Through the relationships which the reporting process can create between your company and its stakeholders, you can receive feedback on your business operations, which will enable you to review processes and identify business opportunities.

"The process of sustainability reporting is a beneficial initiative, especially in the sense that any stakeholder can see and understand what the company is doing with regards to sustainability and other issues. Stakeholder engagement was a new and rewarding process and allowed the development of a shared understanding of what sustainability means for Sree Santhosh." - Vinoth Kumar, Managing Director, Sree Santhosh, India (Textile Garment Manufacturing)



2.4 ACHIEVE COMPETITIVE ADVANTAGE AND LEADERSHIP

Sustainability reporting is still not common practice across all regions and sectors, especially for SMEs. For this reason, your company can be identified as a "leader in sustainability". This is especially important because an increasing number of larger companies screen potential and current suppliers for their economic, social and environmental performance and the impact this may have on their own supply chain. By being able to show existing and potential clients your company's commitment to conducting business in a sustainable manner, you increase your chances of being selected as a preferred supplier by larger companies.

"The sustainability report enables us to be transparent about the management and current status of our company with our clients and customers. This helps us to consolidate our current client base and also acquire new ones." - Oriol Antúnez Llonch, General Manager, Fomartgeries Montbru SA, Spain (Cheese Manufacturing)



To conclude, GRI's experience is that SMEs operating in very different contexts can all implement sustainability reporting not just to "do good" but also to become better businesses in the process.

So, let's now see how an SME can begin to take its first steps to doing a report using the GRI G4 Guidelines...

Section B

GRI reporting process for SMEs



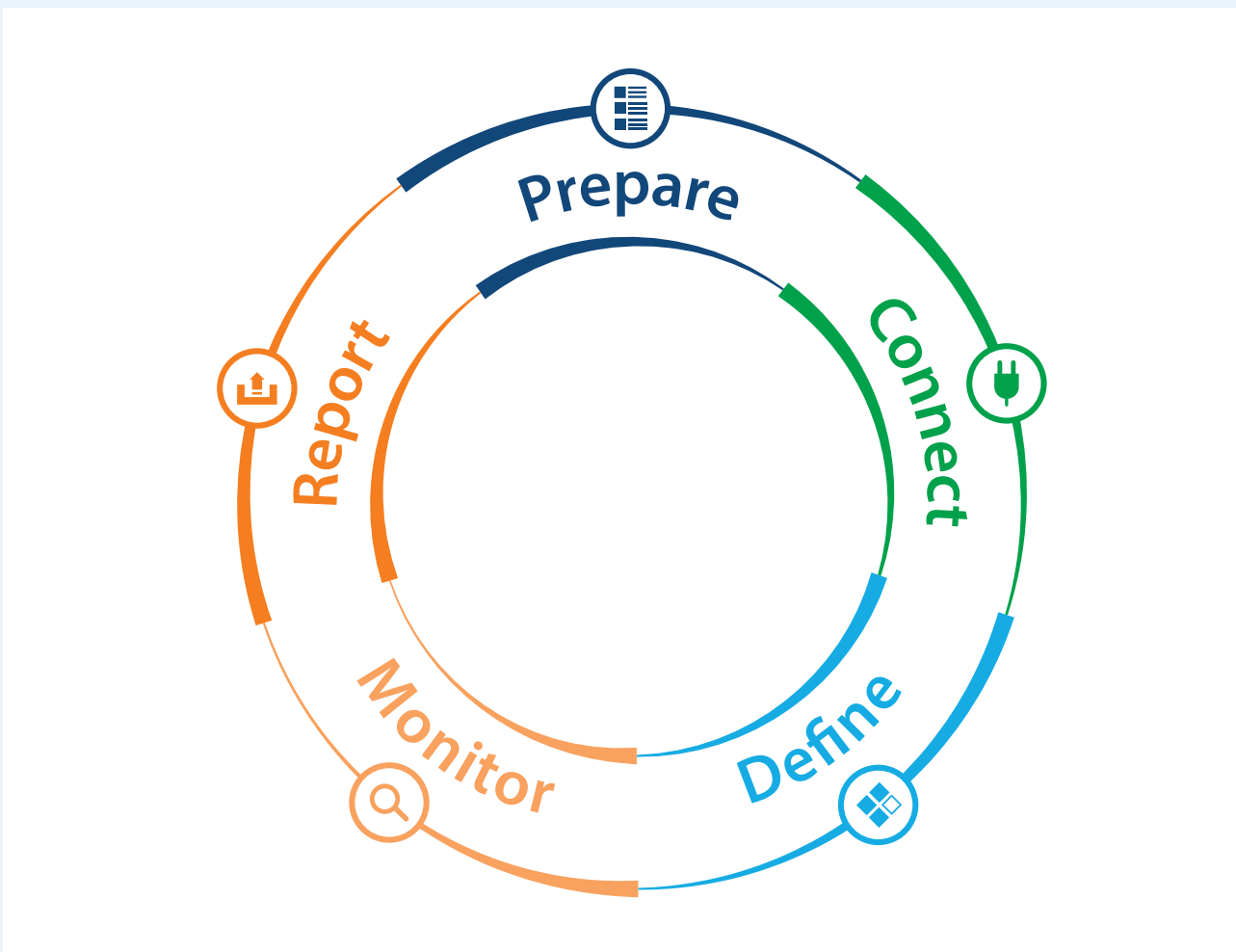
GRI reporting process for SMEs

Introduction

1. Prepare
2. Connect
3. Define
4. Monitor
5. Report

Introduction: Model of the reporting process

The GRI sustainability reporting process will help your company to implement the steps for creating a GRI sustainability report. It also includes proposals for actions that your company can undertake to address its sustainability impacts and the plans needed to support these actions. GRI divides the reporting process into five phases:



Let's now look at the five phases and the activities and decisions that need to be taken in each phase. In doing this, we will assume that your company will use the [G4 Guidelines](#) to prepare your sustainability report.

1. Prepare: Plan your reporting process

The main objective during this phase is to get ready to start the reporting process.

Checklist

The following is a checklist of the main activities and decisions for your company at this stage:

- Select the sustainability reporting team that will coordinate the reporting process. Although this may be just one person (in the case of a micro company, for example), it is recommended that you have a team of staff members, preferably representing each of the departments in your company.
- The members of the sustainability reporting team need to familiarize themselves with the G4 Guidelines.² This does not mean that they need to know every detail of G4. However, they need to know how the G4 is structured and where to find relevant information when needed. GRI recommends that you begin by reading the document '[An Introduction to G4: The next generation of sustainability reporting](#)³ before going into the details of the G4 Guidelines. This provides a simple overview of the key features and elements of the G4 Guidelines.

Important to know!

G4 is presented in two separate documents: [Reporting Principles and Standard Disclosures](#). GRI's Reporting Principles are the criteria that should be used to guide your decisions made throughout the reporting process. They consist of four Principles for Defining Content and six Principles for Defining Report Quality. The Standard Disclosures are the GRI 'questions' you answer in your report. They consist of General and Specific Standard Disclosures.

[Implementation Manual](#): This is the 'how to' section, and provides detailed advice and recommendations for reporting with G4.

The G4 Guidelines are also available as an online tool. You can access this from the [GRI website](#). It is important that you are familiar with the G4 structure before using the G4 online tool.

G4 is available in several languages. You can find an overview of this on the [GRI website](#).

- Organize and hold the first set of meetings with those directly involved in the reporting process. The objectives for these meetings are the following:
 - › Ensure top management are committed to the process.
 - › Identify an initial list of sustainability topics that are potentially relevant and that the senior decision-makers in your company want to act and report on. Think about your company's business goals and the sustainability context in which you operate and list the economic, environmental and social impacts which might be most important, as a starting point. You can use this list later on to inform your decisions on which stakeholders to engage with and how (Connect phase) and then to help you identify all possible relevant topics (Define phase).
 - › Reach agreement on the action plan for the reporting process: that is, what activities and decisions need to be taken (by whom), at each stage of the reporting process. The plan should also include budget estimations and staff resources where necessary. GRI recommends that your company plans for around 10-12 months for the full reporting process.
- Decide if your company will complete a first report that meets the requirements of the GRI G4 Guidelines or only uses G4 for reference.⁴
- For your company's report to meet the G4 requirements, it will need to meet the 'In Accordance' criteria, either Core or Comprehensive. Choose an 'In Accordance' option that is most appropriate for your company.⁵ For SMEs that are first-time reporters, GRI recommends the Core 'In Accordance' option.
- Decide if your company will compile a standalone sustainability report or whether the sustainability-related information will be included within other reports (e.g. Annual Report).

² The GRI G4 Guidelines can be downloaded for free from the GRI website: www.globalreporting.org/reporting/g4/Pages/default.aspx.

³ This is available as a free download from the GRI website: www.globalreporting.org/resource/library/GRI-An-introduction-to-G4.pdf.

⁴ See G4 Reporting Principles and Standard Disclosures, pp. 13-14.

⁵ See G4 Reporting Principles and Standard Disclosures, pp. 11-13.

- Decide if your company's report will also address other (national and/or international) standards, frameworks and regulations, such as regulatory reporting requirements on labor or the environment that your company has to follow.

Important to know!

The G4 Guidelines include references to other widely recognized frameworks, and are designed as a consolidated framework for reporting performance against different codes and norms for sustainability. These global frameworks include the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact Principles, and the UN Guiding Principles on Business and Human Rights. G4 also includes references to the major international conventions which often inform national legislation. For example, the International Labour Organization (ILO) Conventions for labor regulations.

- Hold meetings with your company's staff members to explain what is going to be done, why this is important for your company and what will be expected from different departments at different stages of the reporting process. This should be the beginning of ongoing communication with staff to ensure that there is understanding and commitment across the company throughout the reporting process.

"Reporting our sustainability achievements and challenges represents the opportunity to share and compare our environmental and social performance with international practices, and to identify the areas that have not yet been included in our sustainability strategy."
- Carlos Marin Morales, General Director, Alltournative SA de CV, Mexico (Tourism Sector)



4) See G4 Reporting Principles and Standard Disclosures, pp. 13-14.

5) See G4 Reporting Principles and Standard Disclosures, pp. 11-13.

2. Connect: Collect input from key stakeholders

The main objective during this phase is to identify who your company's key stakeholders are and how you will engage with them. This process is called 'stakeholder engagement'.

This is important because when deciding what to include in your report, you will have to take into consideration the points relating to your company's activities which these groups and individuals consider most important.

Important to know!

In the GRI Guidelines, stakeholders are defined as "entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and services; and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives." (G4 Implementation Manual, p. 9)

Checklist

The following is a checklist of the main activities and decisions for your company at this stage:

- As a start, it is recommended that you make sure you understand the Stakeholder Inclusiveness Principle.⁶ Read the Implementation Manual (pp. 9-10) to understand the GRI definition of stakeholders and also what GRI provides as guidance on how to apply this Principle.
- Identify key stakeholders that your company will talk to for feedback on the main sustainability topics and impacts for your company. The initial list of potentially relevant topics that your company identified in the Prepare phase can be useful to inform your decisions on key stakeholders.
- Consider how your company will communicate with your key stakeholders. When preparing stakeholder engagement there are two important factors to consider: the objective of the consultation (**what** to ask) and the format of the consultation (**how** to ask). The initial list of potentially relevant topics that your company identified in the Prepare phase can be used to inform your decisions on what to ask the key stakeholders. The consultations can take place in groups or individually. It can be face to face or at a distance. How to engage stakeholders depends on the objective of the consultation, the type of stakeholder(s), the nature of your company and also available resources.
- The outcome of your company's stakeholder engagement is a list of the sustainability topics that your stakeholders consider important. The sustainability reporting team will then need to review the list to present recommendations to the senior decision-makers of topics to be reported on.

"As a company offering sustainability services, it is important for us to live out our values and lead by example in running a sustainable business. Reporting gives the company an opportunity to understand the consequences and implications of striving to improve our sustainability performance." - Nick Rockey, Managing Director, Trialogue, South Africa (CSR Advisory Services)



⁶) The Stakeholder Inclusiveness Principle is one of the Principles for Defining Report Content.

3. Define: Decide on your report content

The main objective during this phase is to define the material Aspects (**what** matters) and Boundaries (**where** it matters) for your company's report. This means defining the issues that are really important to achieve your company's sustainability goals, respond to the information needs of your stakeholders and manage your impacts on the economy, environment and society. These are issues directly related to your company's core business strategy. In this way, G4 places the concept of "materiality" at the heart of sustainability reporting.

The following terms from the above paragraph are very important for understanding the GRI process for deciding on your report content. Therefore, let's look at how each are defined in the G4 Guidelines.

"Aspect" is the name that GRI gives to sustainability subjects covered by the Guidelines (see G4 Reporting Principles and Standard Disclosures Table 5, p. 44).

"Material Aspects" are those that "reflect the organization's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders" (G4 Reporting Principles and Standard Disclosures, p. 92).

"Boundaries" ("Aspect Boundary") is the description of where impacts occur for each material Aspect. For this, your company should consider impacts within and outside your company. Boundaries can vary for the different Aspects on which your company reports (G4 Reporting Principles and Standard Disclosures, p. 92).

"Materiality" is explained in G4 as follows:
"Organizations are faced with a wide range of topics on which they could report. Relevant topics are those that may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders, and, therefore, potentially merit inclusion in the report. Materiality is the threshold at which Aspects become sufficiently important that they should be reported. Beyond this threshold, not all material Aspects are of equal importance and the emphasis within a report should reflect the relative priority of these material Aspects." (G4 Implementation Manual, p. 11).

The G4 Guidelines set out a process of four steps (Identification, Prioritization, Validation and Review) to help you decide on your company's material Aspects and Boundaries. Each of the four steps covers specific elements of the ways to define 'what matters and where it matters', and employs particular GRI Principles for Defining Report Content.

Important to know!

The model for GRI's four step process appears in the G4 Reporting Principles and Standard Disclosures, p. 90. It is further explained in detail in the G4 Implementation Manual, pp. 31-39. This process is Guidance and while it is recommended by GRI, it is not obligatory to follow for an organization to do a report that is 'In Accordance' with G4. However, companies are required to apply the Principles for Defining Report Content and explain how they have applied them to define the report content.

Checklist

The following is a checklist of the main activities and decisions for your company at this stage:

Identification:

- Identify a broad range of sustainability topics which may be relevant. Use the Reporting Principles for Stakeholder Inclusiveness and Sustainability Context to do this.⁷
- For each topic which has been identified as relevant, your company's sustainability reporting team will need to assess the related impacts, and where those impacts occur.
- The impacts may occur within your company but can also occur in organizations outside your company that you have a relationship with (e.g. suppliers, distributors). It may also be that impacts for the same topic occur within and outside your company (e.g. emissions).⁸

Prioritization:

Narrow the list of relevant topics from the previous step down to your company's **most important topics** ("material Aspects") and **where the main related impacts occur** ("Boundaries"). The Reporting Principles for Stakeholder Inclusiveness and Materiality should be used in this step.⁹ Tasks for the sustainability reporting team during the

⁷ These are two of the Reporting Principles for Defining Report Content. See the G4 Implementation Manual, pp. 9-11.

⁸ See the G4 Implementation Manual, pp. 33-35, for an explanation of this step.



Tips for the identification step

- ▶ Your company could begin the stakeholder engagement by giving stakeholders a list of the GRI G4 Aspects for them to consider. Table 1 on p. 9 of the G4 Reporting Principles and Standard Disclosures provides an overview of these. Additionally, your company should check whether GRI has developed Sector Guidance for your sector. If so, you will need to look at the *GRI Sector Disclosures* for other possible relevant topics. Include any other topics that are specific to your company. This is a good moment for your company to come back to your initial list of potentially relevant sustainability topics (identified in the Prepare phase). This way, your company can make sure that it is considering all possible relevant topics.
- ▶ Your company should plan its stakeholder engagement to provide a broad range of possible topics. This means engaging with a broad range of stakeholder groups and asking for their feedback on a broad range of potential topics. Use methods of dialogue that allow this (e.g. surveys or questionnaires).



Prioritization step include the following:

- ▶ For each Aspect, assess its importance on a. stakeholder assessments and decisions and b. your company's economic, environmental and social impacts.¹⁰ The Aspect can be deemed 'Material' if it is considered significant on both views but it can also be the case that it is considered "Material" because it is sufficiently important on one of the views.
- ▶ Define the reasons ('criteria') why an Aspect is 'material'.¹¹
- ▶ Decide how much information needs to be disclosed for each material Aspect ('coverage'). As a general rule, those Aspects that have a higher reporting priority should get a greater level of coverage.¹²
- ▶ Prepare recommendations for the senior decision-makers of your company, to include the following:
 - List of recommended material Aspects and the Boundaries for each of these Aspects.
 - Criteria used to draw up the above list.
 - Proposals for how much information should be disclosed for each material Aspect. This includes

the Disclosures Management Approach (DMA) and Indicators that your company would be reporting on for each material Aspect. You can read an explanation of DMA and Indicators below.

For the Core 'In Accordance' option, you are required to report on a minimum of one Indicator per material Aspect as well as DMA.

🔊 Important to know!

Disclosures on Management Approach (DMA) give your company an opportunity to explain how you are managing your material economic, environmental or social impacts (Aspects). 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. See the G4 Implementation Manual for guidance on how to report on the DMA (pp. 63-65).

Indicators allow your company to provide comparable information on your economic, environmental and social impacts and performance. G4 contains Indicators for a wide

9) These are two of the Reporting Principles for Defining Report Content. See the G4 Implementation Manual, pp. 9-10 and 11-12.

10) See the G4 Implementation Manual, pp. 36-37.

11) See the G4 Implementation Manual, Figure 6 (p. 37) for an illustration of a matrix of prioritization of Aspects.

12) See an explanation of this in the G4 Implementation Manual, p. 38.



Tips for the prioritization step

- ▶ In the Prioritization step, you may need to get clarification on some of the feedback given in the Identification step. This could mean the sustainability reporting team going back to some of your stakeholders to get more in-depth information. That would involve using dialogue methods that allow a high level of interaction, e.g. one-to-one or (focus) group meetings.
- ▶ The tests under the Materiality Principle provide an excellent basis to structure the discussions and decisions needed in the Prioritization step.



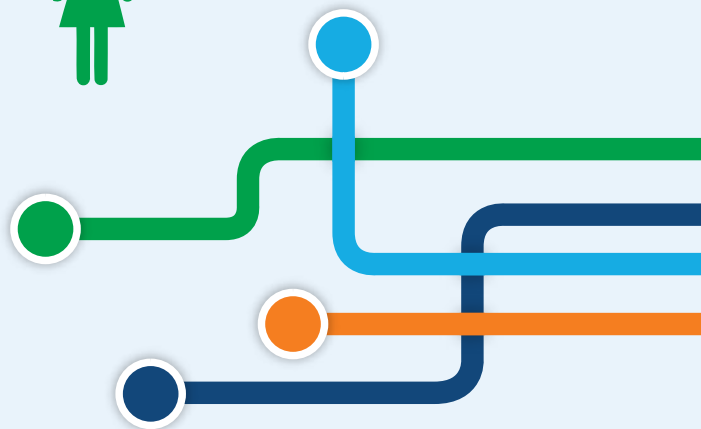
range of sustainability issues. For example, these could include water usage, health and safety, human rights or an organization's impact on local communities. See the G4 Implementation Manual for guidance on how to report on each of the G4 Indicators (pp. 66-235).

□ Validation:

It is now time for your company's senior decision-makers to take a final decision, based on the recommendations by the sustainability reporting team. The discussions should take into account the Completeness Principle and apply its related tests.¹³ Read the G4 Implementation Manual (pp. 38-39) for an explanation of this step.

You have now reached the end of the Define phase and should at this point be able to address all G4 Standard Disclosures that relate to the material Aspects and Boundaries identified, as well as Stakeholder Engagement.¹⁴

"The major benefit for us has been integrating a process of continuous evaluation that improves our day to day management." - Tònia Florit, Managing Director, Caritas Diocesana de Menorca, Spain (Non-Profit Sector)



¹³) This is one of the Reporting Principles for Defining Report Content. See G4 Implementation Manual, pp. 12-13.

¹⁴) Standard Disclosures for Identified material Aspects and Boundaries are G4-17 to G4-23 and for Stakeholder Engagement are G4-24 to G4-27.

4. Monitor: Build your report

The main objective during this phase is to collect and analyze the information your company needs in order to build the content of the sustainability report, as well as to manage its sustainability performance. Your sustainability report is not only a means of communication but also a tool for change. Remember, once you can measure an issue, you can manage it; and once you can manage something, you can change it.

Important to know!

It is important to highlight that a report that identifies risks, and outlines the challenges that the company faces as well as the steps it needs to take to address them, is entirely consistent with the goals of G4. This will promote the change that is most relevant for your company and its stakeholders.

Checklist

The following is a checklist of the main activities and decisions for your company at this stage:

- Check if you have the internal systems in place to gather the necessary information or can have them in place in time to properly monitor and report. If you have identified that there are significant impacts for material Aspects in entities outside your company, you will also need to consider how you will get that information.
- Apply the Principles for Defining Report Quality when making decisions on the appropriate data-gathering systems and procedures for your company.¹⁵ There are many tools and approaches used by companies to collect data, from simple Word documents and Excel spreadsheets to sophisticated software tools.¹⁶ You should take into consideration not only the direct costs of new tools but also the time and money involved in training staff to use them effectively.
- It is quite possible that your company may identify material Aspects or other topics for which it does not yet have a monitoring system or even a policy. If this is the case, you must decide what information you cannot disclose and explain this in the report. G4 allows for 'reasons for omission' in exceptional cases. These are explained in the G4 Reporting Principles and Standard Disclosures (p. 13).
- Decide if your company will establish and report on "SMART"¹⁷ targets and if so, what these will be. Targets can be about your company's performance on its material Aspects. They can also be to improve (or introduce new) procedures and systems. It is important to establish SMART targets to develop an idea during the reporting process what the next steps are.
- Establish procedures to make sure that your company is systematically checking progress on both the sustainability performance of your material Aspects and how effective your monitoring systems are.

"The basic data of sustainability reporting is valuable. Our factory is far from reaching the target of true sustainability, but through systematic data collection and analysis, making data available to relevant staff, especially middle management, it gives them a comprehensive understanding of the operational process of our factory." - Hugo Liu, Assistant to the Managing Director, Shunde Hengfa, China (Apparel and Footwear)



15) The Reporting Principles of Comparability, Reliability and Accuracy are especially relevant when assessing data-gathering systems and procedures (see G4 Implementation Manual, pp. 13-16).

16) See the GRI website for a list of the current GRI Certified Software Tools: www.globalreporting.org/reporting/reporting-support/certified-software-and-tools/Pages/default.aspx.

17) SMART is Specific, Measurable, Achievable, Relevant, Time Bound.

5. Report: Check and communicate

The main objective in this phase is to complete the sustainability report, which is then publicly launched.

Checklist

The following is a checklist of the main activities and decisions for your company at this stage:

- Compile the necessary information for each of the data points that are needed to address the G4 Standard Disclosures.
- Make sure your report gives a complete picture but also uses concise text. Make sure that there are clear and agreed deadline dates for feedback and the final sign off.
- Complete a Content Index using the GRI Content Index tool that is provided on the [GRI website](#). Each 'In Accordance' option has its own Content Index. These are explained in the G4 Reporting Principles and Standard Disclosures (Core – pp. 31-32, Comprehensive – pp. 33-35).
- Has your company decided to have the report externally assured?¹⁸ If so, make sure that it is clearly indicated which Standard Disclosures have been externally assured (and which not) in the external assurance column in the context index.¹⁹ Also, ensure you have all the necessary information to address the Standard Disclosure on Assurance (G4-33).
- Decide how the report will be presented. This includes how to present the full report and also specific information from the report that is needed by particular stakeholder groups. This involves having a clear idea of who your report readers are, what information each will be most interested in, and whether the report (or parts of it) will need to be translated for specific stakeholder groups.
- When you have a final version of your report, you can request GRI to perform a check of the report. Currently, GRI offers a check service for G4 reports called [Materiality Matters](#). The check focuses on the General



Tips for compiling information and writing your report:

- ▶ *The Guidance that is provided in the G4 Implementation Manual will help you to check that you have included the necessary information to address the requirements of each Standard Disclosure. These appear for General Standard Disclosures (pp. 23-61) and for Specific Standard Disclosures (pp. 62-231).*
- ▶ *Ensure that you are applying the G4 Reporting Principles for Defining Quality by using the tests under each of the Principles. The Reporting Principles of Clarity, Timeliness and Balance are especially relevant to use when writing your report (see G4 Implementation Manual, pp. 13-16).*
- ▶ *If you would like to see how other organizations have reported on particular Standard Disclosures that you need help with, the [GRI Sustainability Disclosure Database](#) offers a collection of reports that you can check.*
- ▶ *If you have a technical question about reporting with G4, you may find the answer in the [G4 FAQs](#) available on the GRI website. Alternatively, you can email guidelines@globalreporting.org.*
- ▶ *It is very important that the sustainability reporting team invests time in discussing the layout and presentation of the report content, what illustrations it will contain, what are the key themes and the writing style. It is likely that there will be different ideas on these so it is important that agreement is reached early in the report writing process.*



¹⁸ See the G4 Implementation Manual, p. 51, for an explanation of how GRI uses the term 'external assurance'.

¹⁹ Note: If your company has not had the report externally assured, you are still expected to complete the external assurance column. In such a case, you would put "No" for each Standard Disclosure.

Standard Disclosures G4-17 to G4-27 and checks whether they are clearly located in the final report.²⁰

- Finally, your company is ready to publish the report. This can be done on your company's website, through a printed publication and/or through a communication to all stakeholders that have been involved in the process.
- GRI encourages your company to register your report with GRI free of charge so that it will appear in the *GRI Sustainability Disclosure Database*. This will help to map GRI reporting around the world and also give

visibility to your report. This can be done through the GRI website.

- Organize a formal launch and celebration to recognize the hard work of all those involved in the reporting process.
- Gather external and internal feedback on lessons learnt during the process. This the first step in preparing for the next reporting period. This is the appropriate moment to come back to Step 4: Review from the steps for defining material Aspects and Boundaries.²¹

"The value of the reporting process was not only in the publication of the report itself, but rather within the many lessons we learned while pulling the information together. Mostly, we learned that we actually possessed information, statistics and ideas that could support our assumptions about how good a company we were, as well as how we can potentially improve in the future. Although time consuming, the process taught us a great deal and was extremely rewarding." - William Hughes, Managing Director, Impahla Clothing, South Africa (Apparel and Footwear)



Tips: A final checklist for your G4 report

Check that you have included the following in your G4 report:

- Information on the chosen 'In Accordance' option that is right for your company, and met the requirements.
- Explanation of how you have defined your company's material Aspects, based on impacts and the expectations of stakeholders.
- Indication of where impacts occur (Boundaries).
- Description of your company's approach to managing each of its material Aspects (DMA).
- Indicators for each material Aspect according to the chosen 'In Accordance' option.
- GRI Content Index help your stakeholders find relevant content.



²⁰) You can find out more information on this check on the GRI website, www.globalreporting.org/reporting/report-services/Pages/Materiality-Matters.aspx, or write to reportservices@globalreporting.org.

²¹) See the G4 Implementation Manual, p. 39.

Finally...

The objective of this booklet has been to provide a simple introduction to sustainability reporting using the GRI G4 Guidelines so that your company can take the first steps in its sustainability reporting journey. This has been done by:

- › Making the case for sustainability reporting for SMEs.
- › Introducing five easy steps to a sustainability report using the G4 Guidelines.

Keeping these in mind, GRI is optimistic that your company now feels... **READY TO REPORT!**

Further reading and resources

GRI provides a wide range of free resources on its website to help you take your first steps into the world of sustainability reporting.

- › [G4 Guidelines](#)
- › [Translations of G4 in different languages](#)
- › [G4 Sector Disclosures](#)
- › [G4 Online](#)
- › [Frequently Asked Questions about G4](#)
- › [Linkage documents: G4 and other important global frameworks](#)
- › [G4 Content Index tool](#)
- › [Learning and research publications](#)
- › [GRI Certified Training Courses](#)
- › [GRI Certified Software and Tools](#)

Acknowledgements

The Global Reporting Initiative (GRI) would like to thank the State Secretariat for Economic Affairs (SECO), whose financial support made this booklet possible.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

GRI would like to thank the following people for their valuable inputs during the publication development process:

Ai Nguyen, Jia Hsin Co.
Seakle Godschalk, ESS

From GRI

Alyson Slater, Andrea Pradilla, Anne Beutling, Bastian Buck, Bianca Podeanu, Brian Jones, Christine Koblun, Douglas Kativu, Elena Perez, Elina Sviklina, Juliette Gaussem, Katja Kriege, Laura Espinach, Mara Grosso, Rania Dalalaki, Shivani Rajpal, Stefan Petrutiu, Tom Perryman.



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