

Sustainability, GRI G4, and Materiality

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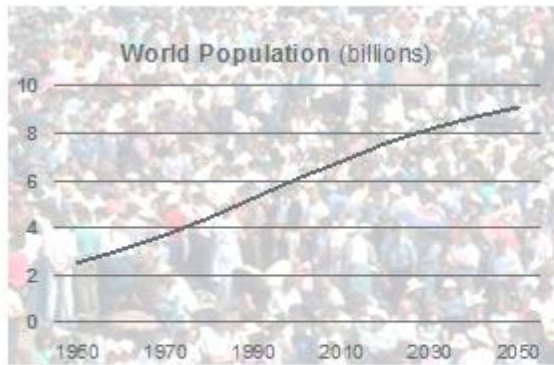
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Sustainability Terminology

Organizations use different words ...that essentially mean the same thing – addressing the “triple bottom line of... “

- Sustainability
- Sustainable Development
- Corporate Social Responsibility
- Corporate/global Citizenship
- Economic growth
- Environmental health
- Social progress



Increasing World Population and Consumption



Declining Natural Systems and Concern for the Human Condition

Who Defines Sustainability?

Key organizations defining the scope of provide frameworks.

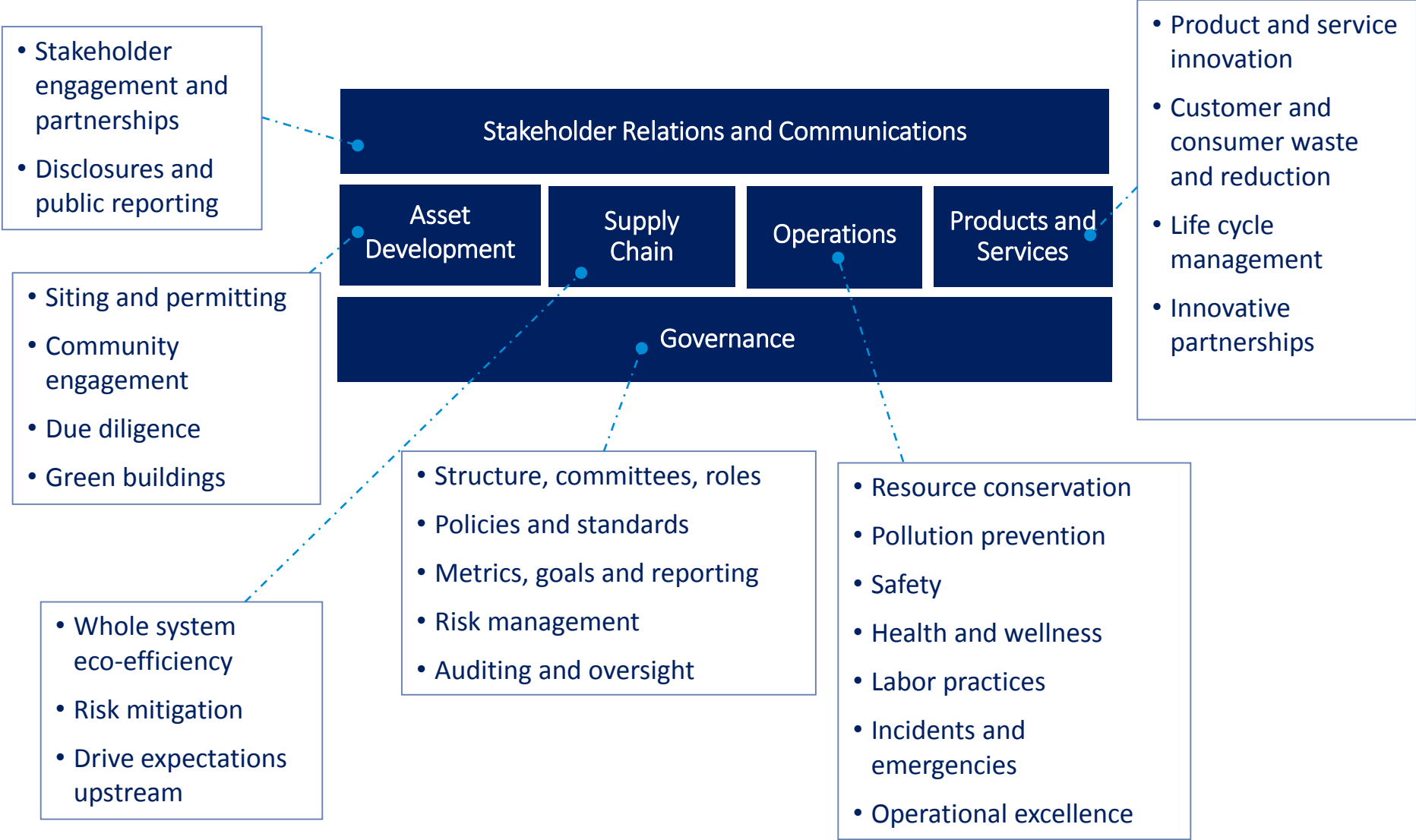
- **Global Reporting Initiative (GRI)**
GRI issues the most widely used guidelines for sustainability reporting. It also established and encourages the use of common performance indicators; instrumental in defining sustainability scope and issues.
- **ISO 26000**
This ISO document is actually not a standard. It describes key principles and issues, and provides guidance on implementation strategies – including engaging stakeholders and communicating results.

Key organizations evaluating performance based on unique methodologies.

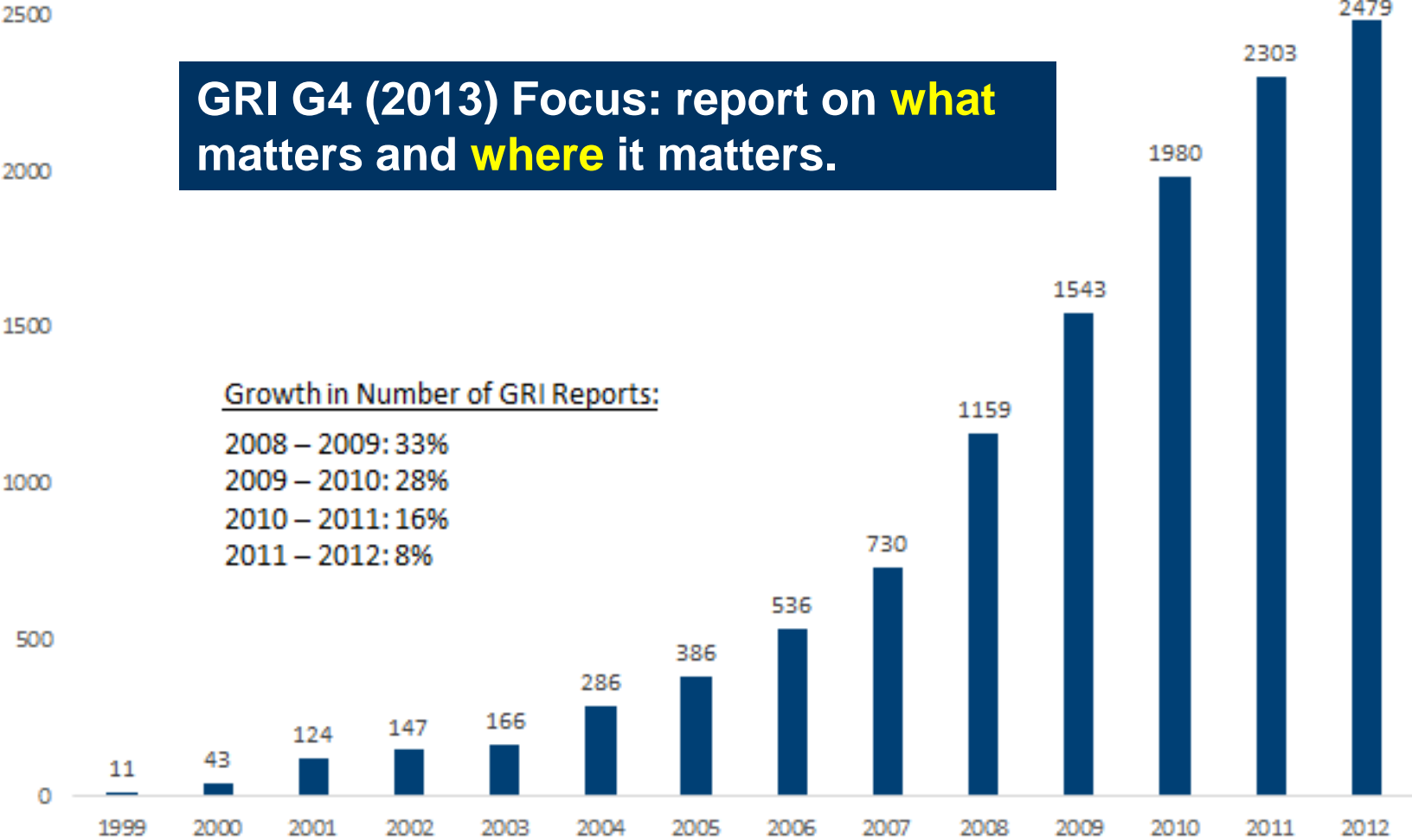
- **Dow Jones Sustainability Group FTSE4Good**
These are indices of top sustainability performers. DJSI surveys are dense and challenging. Listings are sought after and promoted.
- **CDP and CWP**
Supported by 767 institutional investors, the CDP is another highly respected evaluation scheme. It provides scores on disclosure and risk management.



How are Companies Responding?



Global Reporting Initiative (GRI)



* Data from the Sustainability Disclosure Database as at 1 August 2013



GRI G4 Key Features

- Updated guidance on **materiality** and disclosure related to: governance, ethics and integrity, supply chain, anti-corruption, and GHG emissions
- Expanded “boundaries” – companies need to address impacts along the value chain
- Alignment with other respected standards

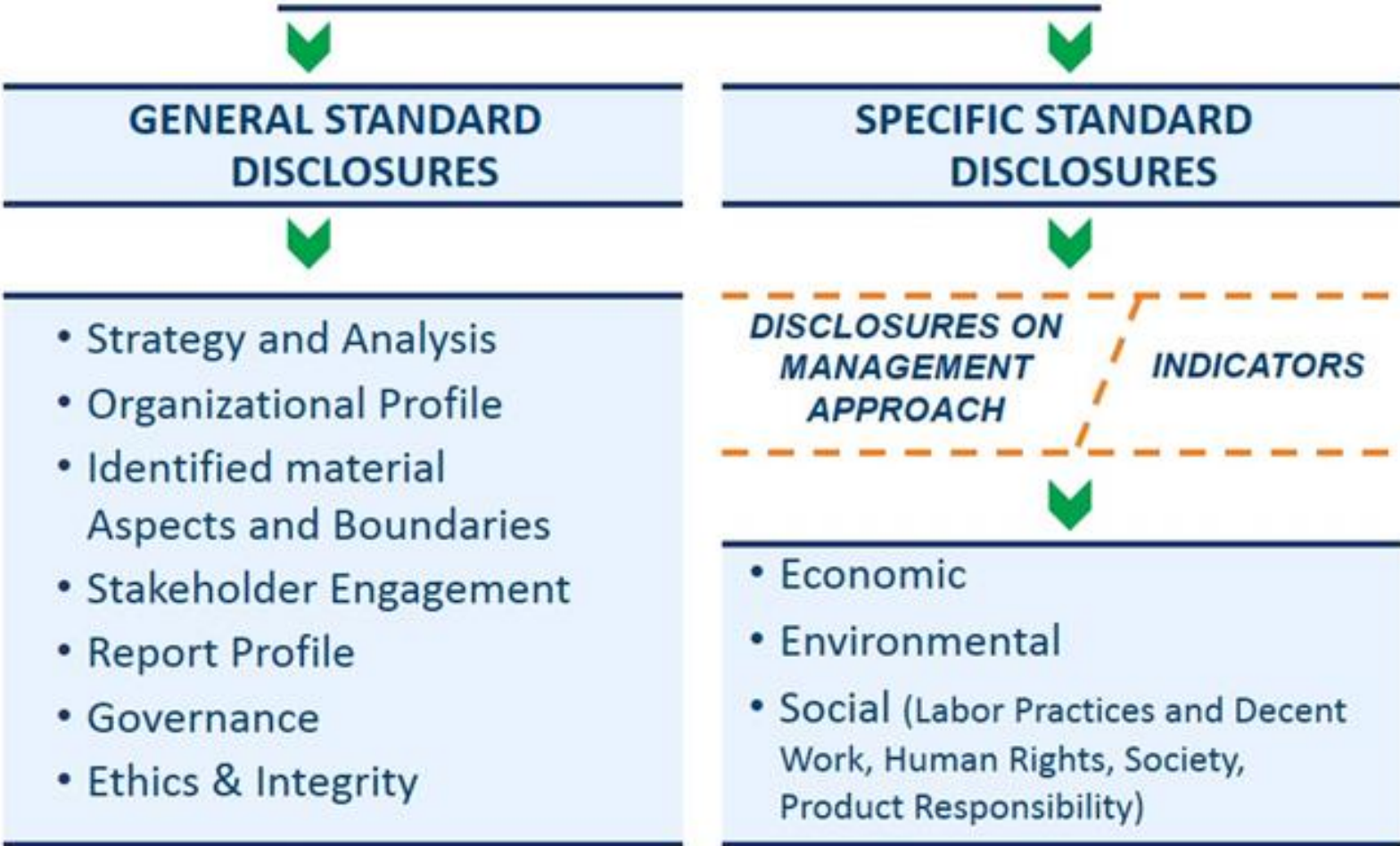


- Sector guidance accepted by respected groups (e.g., UN Global Compact)



GRI G4 Disclosures

Standard Disclosures



GRI G4 and Materiality

- **What issues are material?**

Must disclose list of material issues and the process used for making those determinations

- **Where are they material?**

Must identify where the issue is material across the value chain

- **How are related impacts understood and addressed?**

Specific aspects (issues) and disclosures on management approach (DMA) will depend on results of the materiality assessment



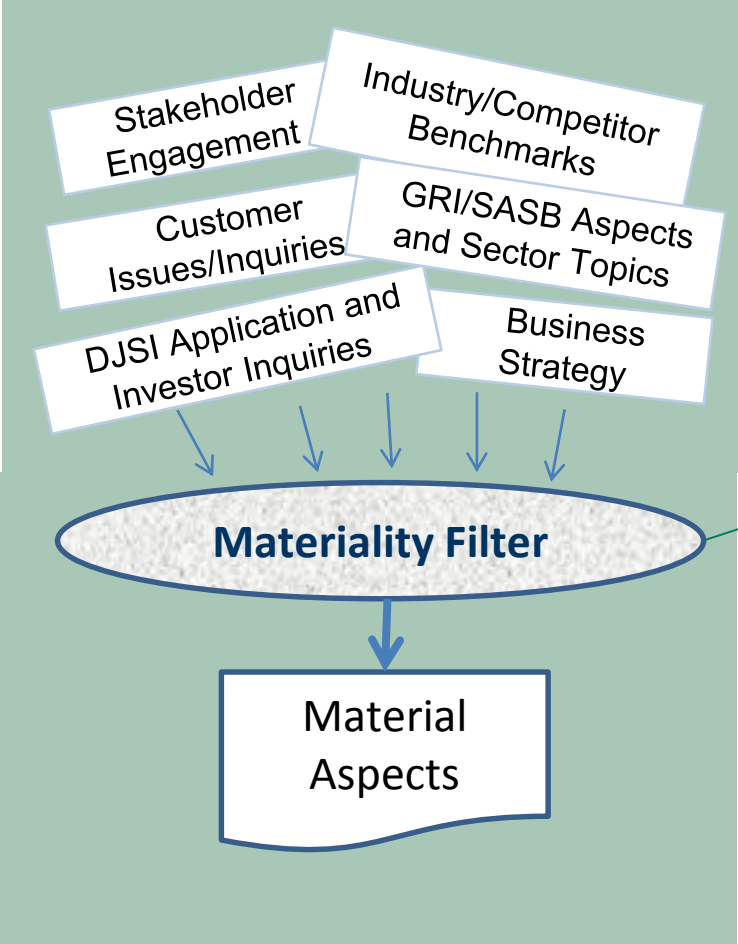
GRI G4 and Materiality

Materiality is foundational to creating a focused, relevant, and credible report.

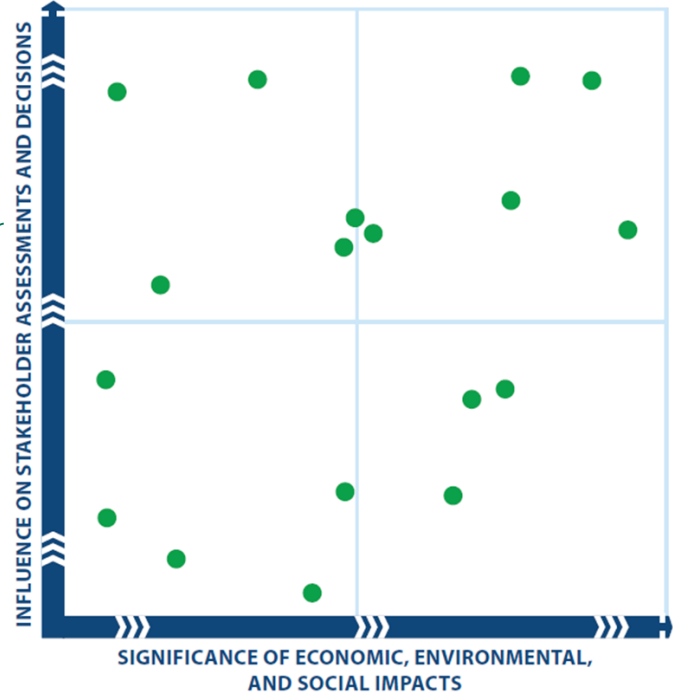
- **Core Report**
addresses DMA and at least one indicator from each material topic
- **Comprehensive Report**
addresses DMA and all relevant indicators



The Materiality Assessment



Material issues are those that would impact a stakeholder’s decisions regarding an organization (interaction, opinion, actions).



Materiality and the Value Chain

VALUE CHAIN		Inputs	Suppliers	Own Operations	Customers	Consumers	End of Life
ISSUES	Energy & Emissions						
	Water						
	Waste						
	Biodiversity						
	Health & Safety						
	Retention						
	Human Rights						
	Diversity						
	Economic Development						
	Community Investment						
	Product Safety						
	Ethics						

GRI G4 Readiness

G4 Readiness Assessment - Specific Standard Disclosures/Indicators

G4 Aspects*	Material (Y/N)	Corresponding G4 Indicators If the aspect is material, core report must include the Discussion of Management Approach (DMA) and at least one of its listed indicators.		Readiness to Report green = ready yellow = some effort red = considerable effort
Procurement Practices		G4-DMA	DMA Procurement Practices	
		G4-EC9	Proportion of spending on local suppliers at significant locations of operation	
ENVIRONMENTAL				
Materials		G4-DMA	DMA Materials	
		G4-EN1	Materials used by weight or volume	
		G4-EN2	Percentage of materials that are recycled input materials	
Energy		G4-DMA	DMA Energy	
		G4-EN3	Energy consumption within the organization	
		G4-EN4	Energy consumption outside of the organization	
		G4-EN5	Energy intensity	
		G4-EN6	Reduction of energy consumption	
		G4-EN7	Reductions in energy requirements of products and services	
Water		G4-DMA	DMA Water	
		G4-EN8	Total water withdrawal by source	
		G4-EN9	Water sources significantly affected by withdrawal of water	
		G4-EN10	Percentage and total volume of water recycled and reused	



Trends in Sustainability Reporting

- Value creation for a broader spectrum of stakeholders
- Reporting as a stakeholder engagement tool
- Mandates from governments and shareholders
- Board interest
- Validation of or challenge to strategy
- Alignment among reporting frameworks
- Use of digital and social media
- Focus on materiality
- Integrated reporting
- Assurance



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