





The GRI's Sustainability Report July 2004 – June 2007



# Introduction

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The GRI Secretariat and the GRI Board of Directors hereby present the GRI Sustainability Report for the period from July 2004 until June 2007.

This report follows the GRI G3 Guidelines.

On page 7 the didactical structure of the main parts of a GRI G3 Report, as presented in the "The GRI sustainability reporting cycle: A handbook for small and not-so-small organizations", is displayed. The sections of this document will follow that structure.

**Part 1. Strategy and Analysis**

**Part 2. Organizational Profile**

**Part 3. Report Parameters**

**Part 4. Governance, Commitments and Engagement**

**Part 5. Management Approach and Performance Indicators**

**Application Level Grid**

The Table of Contents indicates the location of the topics in the text.



## What is GRI?

GRI's vision is that disclosure on economic, environmental, and social performance will become as commonplace and comparable as financial reporting, and as important to organizational success. GRI accomplishes its vision by continually developing, improving, and building capacity around the use of its Sustainability Reporting Framework.

GRI's mission is to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of its Sustainability Reporting Framework. The Framework is developed based on systematic dialogue with relevant stakeholder constituencies to reflect their evolving understanding of good reporting on key sustainability issues, and to help build capacity for report makers and report readers to use the Framework.

A network of thousands of individuals from over 60 countries worldwide, coming from business, civil society, labor, and professional institutions, governs the organization and creates the content of the Reporting Framework through a consensus-seeking process.

This network is open to those who wish to use the Reporting Framework, access information in GRI-based reports, or contribute to the GRI mission in other ways, both formally and informally. The GRI Framework is the most widely used sustainability reporting framework in the world and it enables the comparability of one company's performance against another with respect to certain indicators.

In 1997, the Coalition for Environmentally Responsible Economies (CERES) in Boston came up with the idea of a Global Reporting Initiative. They partnered with UNEP to begin a series of stakeholder dialogues and working groups to initiate a process that would lead to the formation of GRI as an institution. The first version of the GRI Guidelines was published in 2000 and two years later at the World Summit on Sustainable Development (WSSD) in Johannesburg the second iteration of the Guidelines followed. The same year GRI was formally inaugurated at the United Nations, as a new global institution and collaborating centre of the UNEP. In mid 2002 GRI relocated to Amsterdam and incorporated as an independent, non-profit organization in the Netherlands.

Since GRI was established, more than 1,000 companies have self-declared their use of the GRI Guidelines in their sustainability reports and a multitude of others use the GRI Guidelines on a more informal basis without self-declaration.



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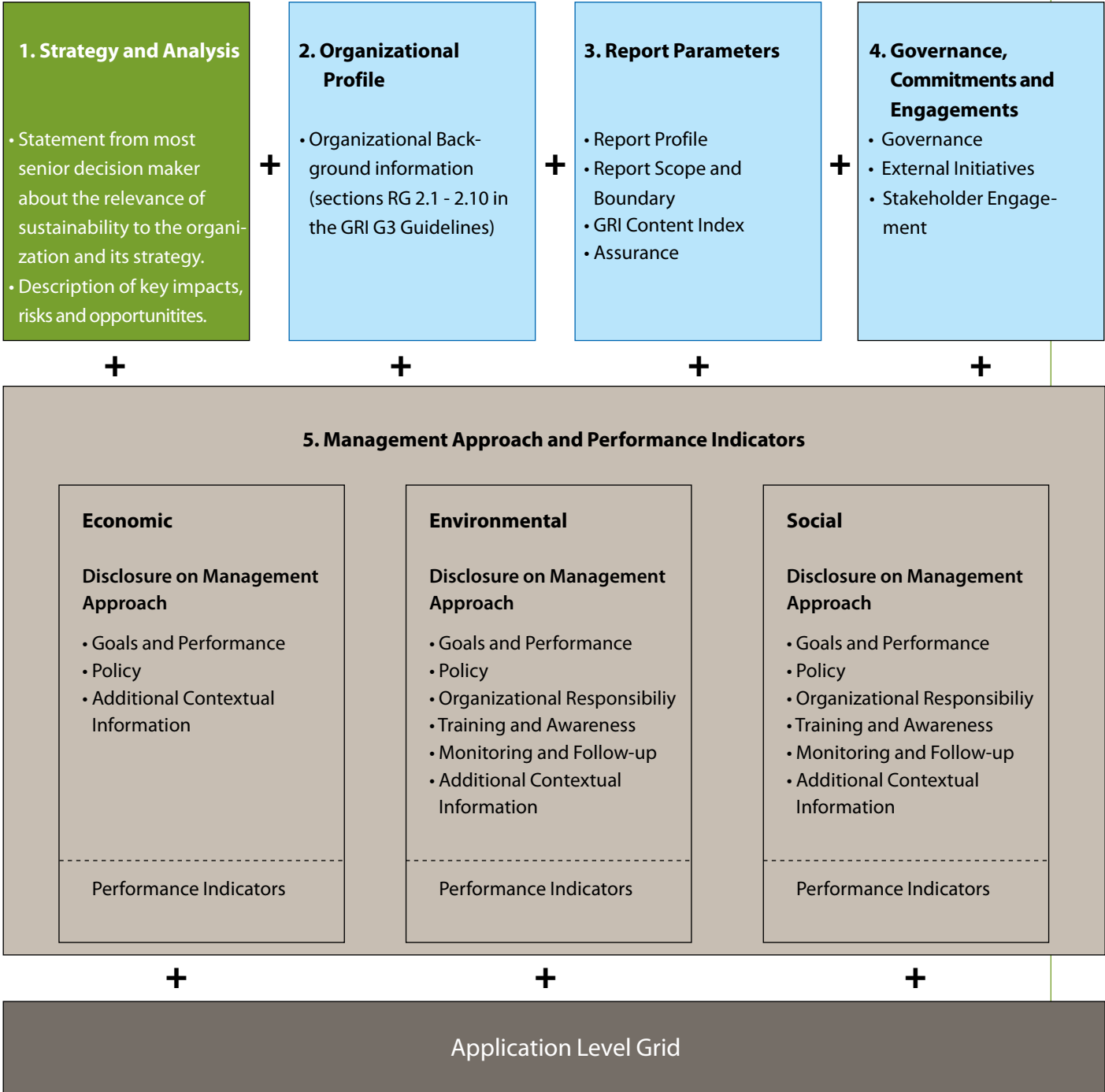
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# 1. Strategy and Analysis<sup>1</sup>

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## The right thing, the right way

Called a “Global Action Network” in specialist jargon, the Global Reporting Initiative - GRI - has distinctive organizational characteristics derived from its organizational strategy that form the basis of its operational sustainability impact.

GRI’s overall aim is to help advance the sustainability agenda in the world. Its specific mission is to help make sustainability reporting a useful and robust practice for organizations and their stakeholders alike. Gauging the measure of sustainability effects is no clear cut science. The way *we the people* value environmental, social, and economic performance depends on our rapidly evolving understanding of critical concerns that occupy our minds, such as; climate change, food security, energy and water scarcity, poverty and economic migration, etc. To capture changes in our collective understanding and appreciation, reflect diversity, and draw on new science, GRI’s strategy is to engage diverse expert stakeholders from around the world in the continuous development of the *GRI Sustainability Reporting Framework*.

The boundaries of the GRI are difficult to define: stakeholders’ participation in the network that supports GRI’s work is voluntary, dynamic, and to a large extent informal. Equally, sustainability reporting and the application of the *GRI Reporting Framework* are voluntary with no formal obligation to inform GRI. This *modus operandi* challenges the organization to find ways to measure the tangible and intangible effects of the use of and the activities around the *GRI Reporting Framework* in the implementation of sustainable solutions. This challenge represents a principal strategic priority for the next reporting periods.

Like most growing organizations, GRI is also facing challenges to find sustainable solutions to its expanding operational activities. Communications and networking are at the heart of GRI’s operations. With global travel by staff and participants in GRI’s activities as a major cost item, GRI will prioritize the improvement of its carbon emission management, to strengthen its sustainability management system, and to continue to enhance the diversity among people in the GRI governance bodies, working groups, and the Secretariat.

GRI’s ability to advance its mission will be highly influenced by events that change public and specialists’ opinions with regards to the urgency and importance of key sustainability issues.

At the time of writing this message, significant indications of increased attention to sustainability issues were apparent:

- Al Gore winning both the Nobel Peace Prize and an Oscar for his efforts to alert the world to the risks of climate change.
- Australia staging the first national elections with climate change as a key issue, and the US Presidential election campaigns seeming to follow suit.
- An advancing global dialogue on Business and Human Rights, inspired by the mission of UN Special Envoy Professor John Ruggie.
- Recurrent international dialogues linking poverty reduction to terms of trade.
- Generally, increasing levels of public commitment by companies and investors to improve sustainability performance.

At the same time the level of public trust in business leaders continues to be found wanting. Repeated incidents and the critical nature of many sustainability issues make public trust in business an ongoing issue of concern. Questions regarding corporate governance

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<sup>1</sup> This text covers parts 1.1 Statement of the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy and 1.2 Description of key impacts, risks, and opportunities of the GRI G3 Guidelines.

standards as well as the appropriate policy role of government in the mediation between private and public interest therefore remain issues in many people's minds.

Clearly we find ourselves in the middle of a major paradigm shift. The days of worry-free resource extraction, industrial growth, and consumption are over. New business models and new life styles are needed to attain a positive and sustainable future. The effects of every organization's business model and every investor's and consumer's choices on our collective sustainability will increasingly become a differentiating factor.

Because inevitable sceptics will be focusing on short term gains and appeal to desires to ignore these truths about our future, change will be neither linear nor evenly spread. GRI continues to envisage a future in which the demand for measurements and transparency on economic, environmental and social impacts will grow.

In this context, it is critical that GRI maintains the momentum that has evolved around its activities. During the last 3 years of the GRI journey covered in this report, several highlights stand out, such as the launch of the new G3 version of the *Sustainability Reporting Guidelines* as well as several new *Sector Supplements*. The first *Amsterdam Global Conference on Sustainability and Transparency* where 1,150 policy makers, experts, and practitioners debated the further development of sustainability reporting. Starting new learning focused services, GRI launched a series of Learning Publications, new partnerships with GRI Certified Local Training providers, and an action research program on sustainability reporting by Small and Medium Size Enterprises. This report outlines many other fruitful achievements in this period and continuously updated news can be found on the GRI website ([www.globalreporting.org](http://www.globalreporting.org))

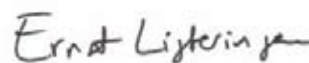
With the *GRI Sustainability Reporting Framework* being offered as a free public good as a matter of principle, GRI is highly dependent on voluntary support. In order to enhance the viability of its operations and the independence of the organization, GRI uses its organizational knowledge and experience to offer fee-based services, materials and events, where these reinforce the overall mission and do not undermine the public good nature of the Guidelines.

By optimally using its limited means, GRI has achieved an effective level of financial stability and its organizational capacity is steadily growing. The following sustainability performance targets will be GRI's priority over the next reporting phase. GRI will be sharing these with all those who support the organization and its mission and seek their support to these targets as they will be a key to the success of the GRI's mission:

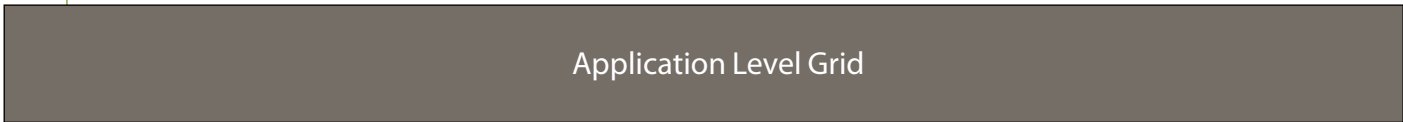
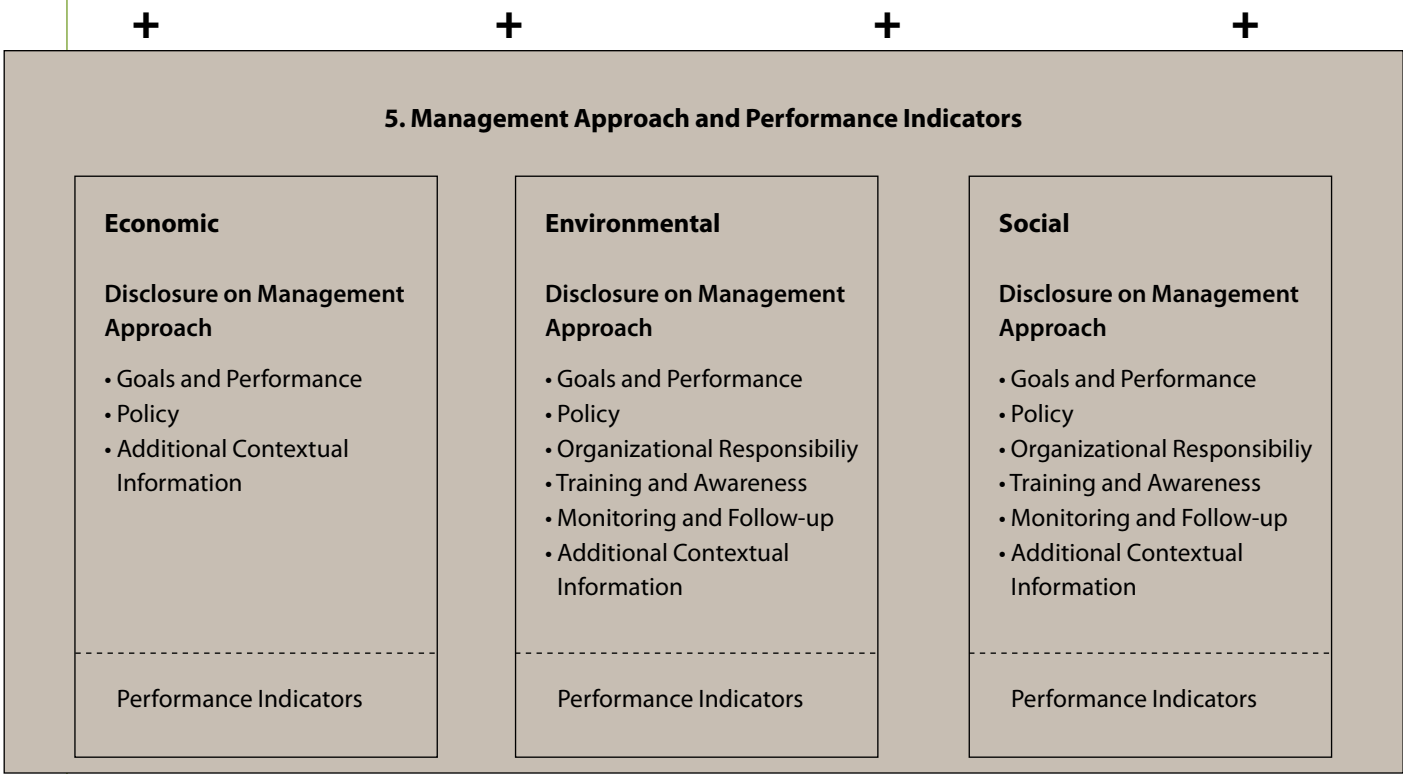
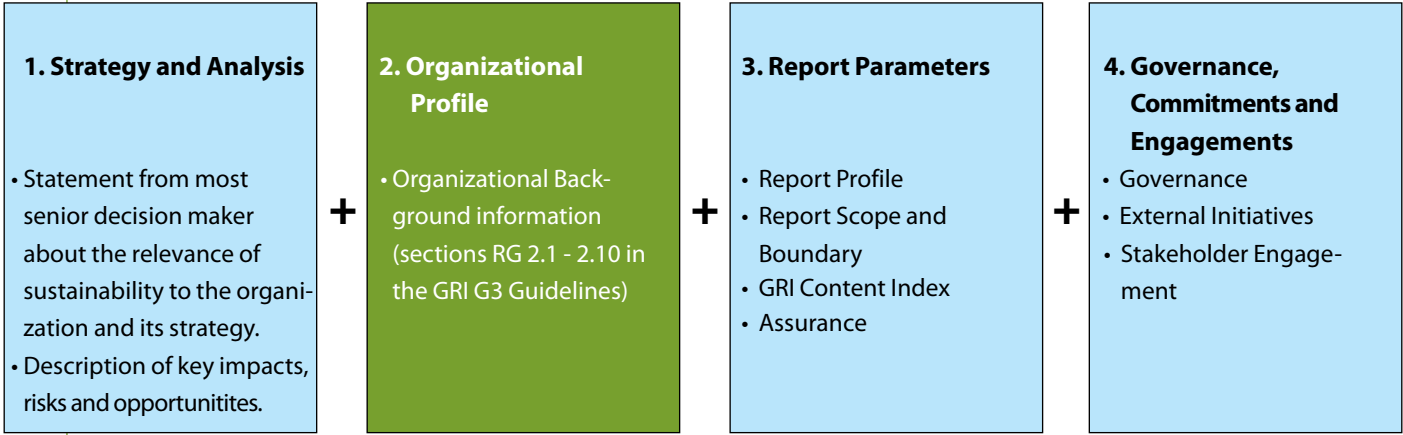
- Measure the use of the GRI Reporting Framework and, to the extent possible, assess the tangible and intangible effects of the use of the GRI Reporting Framework and other GRI activities on the attainment of sustainability solutions.
- Improve GRI's management of its carbon emissions.
- Strengthen GRI's sustainability management systems with regards to resource use, communications and travel, procurement, and human resources.
- Continue to enhance diversity among people in the GRI governance bodies, working groups, and the Secretariat.



Mervyn King  
Chair of the Board of Directors



Ernst Ligteringen  
Chief Executive



## 2. Organizational Profile

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### 2.1 Name of the organization

Global Reporting Initiative (GRI); GRI's full legal name is 'Stichting Global Reporting Initiative'. 'Stichting' is the Dutch word for 'Foundation'.

### 2.2 Primary brand, products and/or services

GRI's main products and services are divided into two principal areas.

#### I Public Good:

##### *The GRI Sustainability Reporting Framework*

GRI's vision is that disclosure on economic, environmental, and social performance will become as commonplace and comparable as financial reporting, and as important to organizational success. GRI accomplishes its vision by continually developing, improving, and building capacity around the use of its Sustainability Reporting Framework.

GRI's mission is to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of its Sustainability Reporting Framework. The Framework is developed based on systematic dialogue with relevant stakeholder constituencies to reflect their evolving understanding of good reporting on key sustainability issues, and to help build capacity for report makers and report readers to use the Framework.

A network of thousands of individuals from over 60 countries worldwide, coming from business, civil society, labor, and professional institutions, comprises the organization and creates the content of the Reporting Framework through a consensus-seeking process. This network is open to those who wish to use the Reporting Framework, access information in GRI-based reports, or contribute to the GRI mission in other ways, both formally and informally. The GRI Sustainability Reporting Framework is the most widely used standardized sustainability reporting framework in the world.

In addition to the universally applicable core GRI Guidelines, consisting of principles and indicators, the Framework contains *Sector Supplements* and *Protocols* and plans exist to expand it with National Annexes. This reporting guidance is provided as a free public good and is designed to be used by any type of organization worldwide regardless of size and sector. The GRI Sustainability Reporting Framework can be described as the primary outcome of GRI's activities.

The GRI Sustainability Reporting Framework is developed and continuously improved through an intensive multi-stakeholder engagement process involving representatives of both reporting organizations and report readers. Together they collaborate using a consensus-seeking approach to ensure the credibility and trust required of a global disclosure framework.

The core of the Framework, the GRI Guidelines, was first issued in 2000, then 2002. The third iteration, the GRI G3 Guidelines, was released in October 2006 after a 2.5 year process involving the engagement of over 3.000 people from more than 60 countries.



The GRI has developed technical protocols to support all indicators in the GRI G3 Guidelines, as well as a Boundary Protocol to help organizations to specify the boundaries of the report.

In terms of Sector Supplements, during the fiscal year 2004/2005 GRI developed the Automotive Sector Supplement in 2004 and the final pilot version was made publicly available in 2007. During the fiscal year 2004/2005 working groups worked to develop Mining and Metals, Public Agency and Financial Services Sector Supplements.

During the fiscal year 2005/2006 a final pilot version of the Logistics and Transportation Sector Supplement was made available in May 2006. Working groups developed Logistics and Transportation, Apparel and Footwear and Electric Utilities Sector Supplements, and the Financial Services Sector Supplement was piloted.

The working groups and drafting of the Apparel and Footwear, and Electric Utilities Sector Supplements continued during the fiscal year 2006/2007, as did the piloting of the Financial Services Sector Supplement. It is foreseen that the Sector Supplements for the Electric Utilities and Financial Services Sectors will be ready in the year 2008 and the one on Apparel and Footwear in the year 2009.

Other publications were launched in the last fiscal year in order to support the usage of the Reporting Framework as part of the Research and Development Publication Series. The first document was on Biodiversity and the second one, "Making the connections", is a document to help report makers understand the relationship between the Global Compact Principles and the GRI G3 Guidelines. The aim of this series is to give some more in-depth information about sophisticated topics of the Reporting Framework and to offer easy linkage of the GRI Framework to other important international tools in the field of reporting guidance, respectively.

### ***Communication's products and events***

These are publications developed to be GRI's institutional voice externally. They are produced by staff members, GRI areas or external providers, under the coordination of the Communications area. They do not have specific sponsors of any kind. They are all available for free on GRI's website.

There are 11 different publications under this category.

1. Newsletter
2. Press releases
3. Promotional material and folders
4. Events material
5. Organizational stakeholder communications
6. GRI sustainability reports
7. GRI institutional powerpoint presentations
8. GRI opinion articles
9. GRI project briefing papers
10. Podcasts
11. Blogs

### **The Amsterdam Global Conference on Sustainability and Transparency**

In 2006 GRI organized its first international conference, "The Amsterdam Global Conference on Sustainability and Transparency". GRI will host a second conference, "The Amsterdam Global Conference on Sustainability and Transparency, Sustainability Reporting Today: The Readers' Verdict", on 7 – 9 May 2008.

## **II Means to support GRI's financial sustainability and organizational independence:<sup>1</sup>**

While the GRI Guidelines and other Reporting Framework components will remain on offer as a free public good, in 2005 GRI started to develop and provide a series of revenue-generating products and services. These supporting services are designed to create an international common knowledge around the GRI G3 Framework while seeking to generate income to support GRI's overall activities and ensure its organizational independence.

The first service was created in 2005 to support reporting organizations to identify if they fulfill the basic requirements, when using the GRI Guidelines. It was initially called 'In Accordance Check (G2)' and is now called the 'Application Level Check (G3)'.

Learning Publications and Certified Local Training Programs are two programs created in 2006 to support and build capacity among reporting organizations and information-seeking communities to utilize sustainability information; and to contribute to stable, more self-sufficient organizations that can steward the Reporting Framework into the future.

These products and services are all built on GRI's brand as the leading global organization for sustainability reporting.

### **'In Accordance Check (G2)' and 'Application Level Check (G3)':**

Since the beginning of the fiscal year 2005/2006 GRI has offered a service to check self-declared 'In Accordance' claims for a nominal fee. GRI reviews submitted reports prior to publication to confirm whether it is 'In Accordance'. If a report is found to be 'In Accordance', the reporting organization can add a tag "GRI checked" to the report. This service is not an assurance or certification scheme.

Since the beginning of the fiscal year 2006/2007 GRI has offered a service to check the 'Application Level' declared by reporters for a nominal fee. GRI reviews reports submitted prior to publication to confirm whether the 'Application Level' declaration is correct. If GRI agrees with the 'Application Level' declaration, the reporting organization can add a "GRI checked" icon to the report.

### **Learning Publications**

The Learning Publications series is divided into 3 categories:

- 1. Starting Points** are publications developed to offer a conceptual and didactical link between the commitment to sustainability and the GRI reporting process.
- 2. Pathways** are publications developed to offer didactical support to report makers of all levels. They offer concrete and practical guidance for the reporting process and its implementation in the organizations, also discussing the management aspects of such implementation.
- 3. Explorations** are publications developed to offer innovative discussion on future topics in the construction of sustainable solutions and their potential relation to changes in the reporting process. They do not express GRI's opinion. They offer innovative aspects in the sustainability field to opinion makers and leaders.

<sup>1</sup> For more details on GRI income sources, see indicator EC1.



The first Learning Services Publication, "The GRI sustainability reporting cycle: A handbook for small and not-so-small organizations", was issued in three languages, - English, Spanish, and Brazilian-Portuguese – in the fiscal year 2006/2007.<sup>2</sup> The Learning Publications rely on international and local sponsors to cover production and development costs.

### ***Certified Local Training Programs***

The Certified Local Training Programs are implemented through selected local organizations, which firstly respond to a "call for partners" published by GRI. After the selection process, an agreement is formalized and the procedure for certification of a Certified Local Training Program is initiated. The training program includes information on local sustainability reporting issues and case studies.

The Certified Local Training Program was initiated in the fiscal year 2006/2007 and the geographic focus of the first "call for partners" was the USA, Brazil and India. Organizations in these countries have already started the certification process.

A second "call for partners" will be launched at the end of 2007. A third call is planned for 2008.

### **Degree of outsourcing:**

With respect to the degree of outsourcing to produce GRI products and services, GRI's Deed of Incorporation Article 22b states: "The staff is large enough to effectively implement the Board's work plan, but small enough to remain cost efficient. The Secretariat relies on external support to implement the technical agenda."

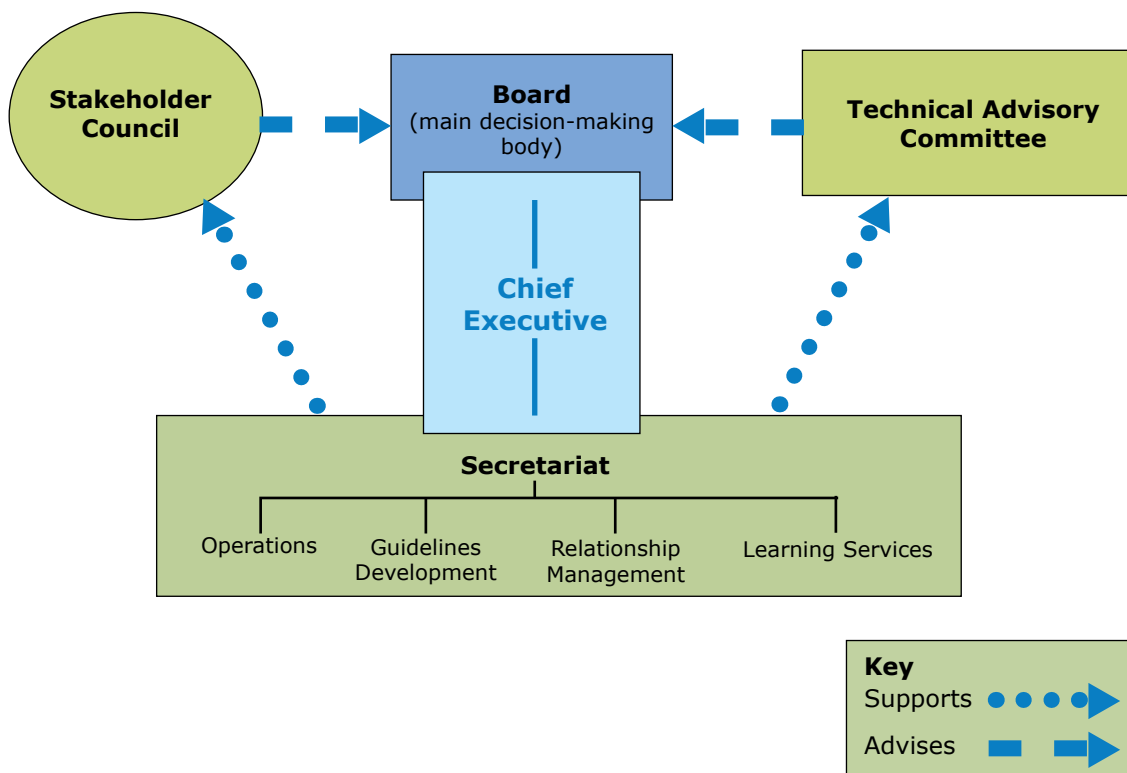
The Secretariat contracts external parties to support the staff, for example through consulting services, in implementing IT systems, as well as for the printing and layout of publications. The GRI Secretariat also receives these services as 'in-kind donations'.

More information on this topic can be found in the "Indicators" section.

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<sup>2</sup> Since June 2007 other language versions have been finalized: German, Portugal-Portuguese in the fiscal year 2006/2007. A special edition of this publication was developed for social economy organizations in Spain in Spanish, Catalan and Basque. One "Starting Points" and one "Explorations" publication will be launched before the end of 2007. Two additional publications are planned to be launched by April 2008.

## 2.3 Operational structure of the organization including main divisions, operating companies, subsidiaries, and joint ventures



## 2.4 Location of organization's headquarters

The GRI Secretariat and headquarters is located in Amsterdam, The Netherlands at:

Keizersgracht 209  
1016 DT Amsterdam  
The Netherlands

## 2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report

The Secretariat and all GRI staff are based in Amsterdam, the Netherlands. GRI does not have staff members or offices operating in other locations.

However, GRI is a global action network-based organization and in theory its network operates worldwide. In reality the network spans more countries than GRI Secretariat staff or governance body members have visited. If geographic usage of the GRI G3 Guidelines is used as an indication of GRI's reach, then its network is spread over more than 60 countries.

Another indication of GRI's reach is the number of countries where the organization has held events. For example, with the help of sponsors, Stakeholder Council members, Board members, Organizational Stakeholders and G3 working group members, the GRI Secretariat held 28 one-day events called "Sneak Peeks" to present the draft of the GRI G3 Guidelines in 20 different countries, in 10 languages, involving more than 100 sponsors, and over 150 speakers, and nearly 3.000 participants in the fiscal year 2006/2007.



The GRI Secretariat strengthened relations with several institutions worldwide during the reporting period. Memorandums of Understanding were also signed for project-based partnerships for a definite time-frame.

## 2.6 Nature of ownership and legal form

Under Dutch law GRI is classified as a foundation, or 'Stichting'. A Stichting is a legal entity that is set up to realize a stipulated (usually philanthropic or social) purpose. The purpose may not be the distribution of grants to the founders or to any other parties directly related to the foundation. A 'Stichting' is allowed to make grants where there is an idealistic or social element in them, with the exception of pension funds.<sup>3</sup>

GRI is registered as a Stichting at the Chamber of Commerce Amsterdam, the Netherlands. The Board of Directors represents GRI and the official location of GRI is in the municipality of Amsterdam.

## 2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)

### *Types of customers and sectors:*

GRI serves 4 main groups:

1. Reporting organizations: organizations which self-declare their reports as GRI-based reports, which can be of any size, sector or location - whether they are first-time or experienced reporters.
  - There has been a specific focus on the following sectors through the development of Sector Supplements (fiscal year 2004/2005: Automotive, Mining and Metals, Public Agencies and Financial Services; fiscal year 2005/2006: Logistics and Transportation, Apparel and Footwear, Electric Utilities and Financial Services; and fiscal year 2006/2007: Apparel and Footwear, Electric Utilities Sector and Financial Services).
  - Reporting Organizations: By 30 June 2005, GRI had registered 675 organizations as having used the GRI Guidelines. By 30 June 2006 GRI had registered 864 organizations as having used the GRI Guidelines. By 30 June 2007, the GRI estimates that more than 1,000 organizations will have used the GRI Guidelines over the period of years for which GRI has registered reports. These are not total numbers of GRI reporters worldwide because not all reports based on the GRI Guidelines are registered by the GRI. For this reason these numbers should be considered as "estimates".
2. Report Guidelines disseminators: any individual or organization with a vision or path for incrementally expanding the application of the GRI Reporting Framework.
3. Experts: Leaders in the fields of sustainability, transparency and accountability.
4. Report readers: any individual or organization that seeks information about another organization's economic, environmental or social performance.

### **Geographic breakdown:**

The GRI Reporting Framework is a free public good available to all interested parties. To increase its accessibility, GRI has promoted and continues to promote the translation of the Reporting Framework from its original version in English into other languages. The 2002 GRI Guidelines were available in 16 languages. To date, the GRI G3 Guidelines are available in

<sup>3</sup> Non-official translation based on Dutch definition: De Grondslag van het vermogens- en ondernemingsrecht. A.M.M.M. van Zeijl. Printer: Wolters Noordhoff. Vijfde druk. P. 513.

13 languages: English, Chinese, Hungarian, Dutch, German, Korean, Russian, Spanish, Brazilian- Portuguese, Italian, Hebrew, Slovenian, and Croatian.<sup>4</sup>

The Certified Local Training Program was initiated in the fiscal year 2006/2007 and the geographic focus of the first "call for partners" was the USA, Brazil and India. During the selection process of GRI Learning Services training partners, GRI aims to ensure availability of training offerings for a diverse set of organizations.

The first Learning Services Publication, "The GRI sustainability reporting cycle: A handbook for small and not-so-small organizations", was issued in three languages - English, Spanish and Brazilian-Portuguese - in the fiscal year 2006/2007.<sup>5</sup>

**2.8 Scale of reporting organization, including:**

**Number of Employees**

The number of employees (full-time and part-time) in the Secretariat has grown over the reporting period: 22 as of 30 June 2005; 26 as of 30 June 2006; 32 as of 30 June 2007.

**Income**

GRI's income has significantly grown throughout the reporting period.

Fiscal Year	2006/2007	2005/2006	2004/2005
Income (millions of Euro)	4.12	2.47	2.44

<sup>4</sup> The French and Japanese translations of the GRI G3 Guidelines are near completion.  
<sup>5</sup> Other language versions have been launched since June 2007. Please consult the GRI website, [www.globalreporting.org](http://www.globalreporting.org).



**Products or services provided<sup>6</sup>**

List of products or services provided	2006/2007	2005/2006	2004/2005
<b>For free download</b>			
2002 Guidelines - all languages	✓	✓	✓
G3 Guidelines - all languages	✓	-	-
Sector Supplement - Financial Services Pilot	✓	✓	✓
Sector Supplement - Public Agency Pilot	✓	✓	✓
Sector Supplement - Logistics & Transportation Pilot	✓	✓	-
Sector Supplement - Telecommunications Pilot	✓	✓	✓
Sector Supplement - Mining Metals Pilot	✓	✓	✓
Sector Supplement - Tour operators Pilot	✓	✓	✓
Sector Supplement - Automotive Pilot	✓	-	-
Boundary Protocol	✓	✓	✓
Biodiversity Resource Document	✓	-	-
Reporting the Business Implications of Climate Change in Sustainability Reports	✓	-	-
GRI UNGC Making The Connection	✓	-	-
Past, present, future: all you need to know about the GRI G3 Guidelines	✓	-	-
Making the Switch	✓	-	-
Public Agency Sustainability Reporting	✓	✓	✓
GRI OECD User's Guide	✓	✓	✓
Communicating business contributions on the Millennium Development Goals	✓	✓	✓
Reporting Guidance on HIV/AIDS	✓	✓	✓
<b>For income generation</b>			
Printed copies Guidelines 2002 - all languages	✓	✓	✓
Printed copies G3 Guidelines - all languages	✓	-	-
Printed copies High 5! - all languages	✓	✓	✓
Electronic copies High 5! - all languages	✓	✓	✓
GRI Learning Publication 'The GRI Sustainability Reporting Cycle' - all languages	✓	-	-
In Accordance Check (G2)	✓	✓	-
Application Level Check (G3) - all languages	✓	-	-

**Key**

- ✓: Product or service available.
- : Product or service not available.

<sup>6</sup> The GRI organized a variety of events which can be considered as 'services' to its network like its conferences, the 'Sneak Peaks', OS round tables etc.

## 2.9 Significant changes during the reporting period regarding size, structure, or ownership including:

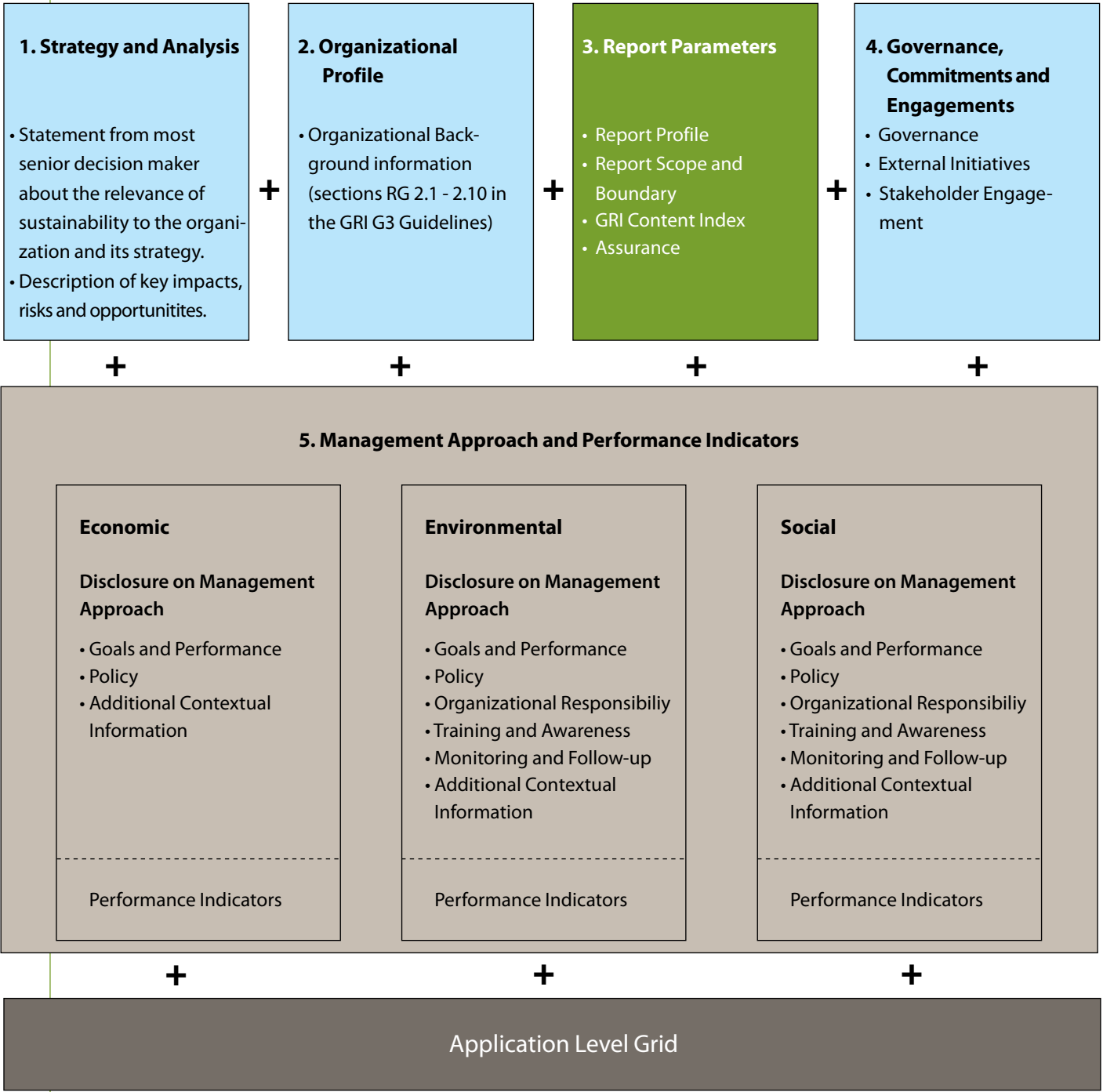
*(G3: The location of, or changes in operations including facility openings, closures, and expansions)*

There has been no change in the ownership of GRI during the reporting period.

1. Main changes regarding size or structure of the GRI's Board of Directors (the Board):
  - The Board established the Executive Committee during the reporting period.
2. Main changes regarding size or structure of the GRI's Stakeholder Council (SC);
  - No significant changes regarding size or structure stipulated in the Deed of Incorporation. The Council consists of 60 members and 13 positions were vacant on 30 June 2007.
3. Main changes regarding size or structure of the GRI's Technical Advisory Committee (TAC):
  - The TAC held its first meeting in February 2005.
4. Main changes regarding the size or structure of the GRI Secretariat:
  - The size of the Secretariat: The number of employees in the Secretariat has grown during the reporting period. There were 22 as of 30 June 2005; 26 as of 30 June 2006; 32 as of 30 June 2007;
  - The Relationship Management Department was established in the fiscal year 2005/2006;
  - The Learning Services Department was established in the fiscal year 2005/2006;
  - A temporary conference team was established for the period April 2006-October 2006 to coordinate the first Amsterdam Conference on Sustainability and Transparency;
  - A temporary conference team was once again established in May 2007 to coordinate the second Amsterdam Conference on Sustainability and Transparency.
  - Since March 2007 GRI's Secretariat has had a pilot project to test the efficiency of a GRI local focus point. The pilot project has been implemented in Brazil and is under evaluation.

## 2.10. Awards received in the reporting period

GRI did not receive any awards during the reporting period.



# 3. Report Parameters

## Report Profile

### 3.1 Reporting period (e.g. fiscal/calendar year) for information provided

This report refers to the performance for the fiscal years 2004/2005, 2005/2006 and 2006/2007.

A fiscal year runs from 1 July to 30 June each year.

### 3.2 Date of most recent previous report (if any)

GRI's first Sustainability Report was issued in 2005 and covered the fiscal year 2003/2004.<sup>1</sup>

### 3.3 Reporting cycle

To date, there has been no established reporting cycle. The first report covered the fiscal year 2003/2004 and this second report covers a three-year period, the fiscal years 2004/2005, 2005/2006, and 2006/2007.

From now on the GRI's Sustainability Report will be published annually in December.

### 3.4 Contact points for questions

- Email Address: [info@GlobalReporting.org](mailto:info@GlobalReporting.org)

## Report Scope and Boundary

### 3.5 Process for defining report content

A Sustainability Reporting Process team was created in September 2006 to develop GRI's Sustainability Report. This team consisted of staff members from different departments within the Secretariat.

GRI followed the GRI G3 Guidelines to prepare this report and also followed the process detailed in the GRI Learning Publication "The GRI sustainability reporting cycle: A handbook for small and not-so-small organizations", which was being piloted at the time.

#### 1: Kick-off Meeting

An internal kick-off meeting was held with the GRI Senior Management Team to identify organizational goals and impacts and agree on the reporting process. The Management Team analyzed the goals proposed in the last report and agreed on a sequence of meetings to produce analysis and inputs to the reporting process.

<sup>1</sup> A one-page update to the first Sustainability Report was produced in 2004/2005.



Follow-up meetings were held with the GRI Management Team to assess the reporting process, the previous economic, environmental and social performance of GRI and the expected impacts of the organization in the future considering its strategic plans. The meetings defined the reporting period, boundaries, stakeholder groups to be consulted to help define material aspects, etc.

## 2: Stakeholder engagement

As a network-based organization, there are a wide variety of stakeholders who ideally would be engaged through the sustainability reporting process. (See disclosure 4.14 for further details).

The main stakeholders who influence GRI's performance or are influenced by it are:

Internal:

- Board of Directors (main decision-making body);
- Stakeholder Council;
- Technical Advisory Committee;
- Organizational stakeholders; and
- Secretariat Staff Members;

External:

- Donors/Sponsors;
- GRI Guideline users;
- Other normative standard setters/framework providers;
- Trade and industrial associations;
- Partners for specific activities (with whom GRI holds an MoU);
- Accountancy associations;
- Assurance providers for non-financial reports;
- Consultants, service providers/reporting professionals;
- Suppliers of goods or services to the Secretariat;
- Prospective donors/partners;
- "Opinion makers" in the sustainability and business context;
- Business schools and academic institutions;
- Training organizations in the CSR field;
- The City of Amsterdam;
- Key information user/reader communities: non-governmental organizations, Labor unions, and investors;
- UNEP and OECD; and
- Governmental agencies' representatives.

For this reporting cycle the following stakeholders have been consulted to define material aspects to be reported on:

- Board of Directors;
- Stakeholder Council;
- Technical Advisory Committee;
- Organizational stakeholders; and
- Secretariat staff members (excluding GRI Senior Management Team, because they had a specific forum to discuss the inputs in the report).

There were 667 stakeholders in total in the five groups to be consulted for the purposes of this report. They were invited to identify **ten aspects** they considered most important and therefore material for GRI. Those aspects that received at least 20% of the total number of

possible votes were identified as aspects to be considered for reporting. Twenty-one aspects were suggested by these stakeholders to be considered for reporting.

**Sixty-seven individuals** answered the questionnaire.

The Sustainability Reporting Team then had the opportunity to include any other aspects which they considered important and had not been included as a result of the stakeholder consultation, to be submitted to the “Materiality Test”. Two aspects were added by the Sustainability Reporting Team, Compliance and Customer Privacy.

**Figure 3.1 Result of consultation on material aspects for GRI Sustainability Report 2007 (more than 20% of votes):**

Section	Dimension	Aspects	Potentially Material
Economic	Economic	Economic Performance	❖
		Market Presence	❖
		Indirect Economic Impacts	❖
Environmental	Environmental	Materials	❖
		Energy	❖
		Water	
		Biodiversity	
		Emissions, Effluents, and Waste	❖
		Products and Services	❖
		Compliance	❖
		Transport	❖
		Overall	
Social	Labor Practices and Decent Work	Employment	❖
		Labor/Management Relations	❖
		Occupational Health & Safety	❖
		Training and Education	❖
		Diversity and Equal Opportunity	❖
	Human Rights	Investment and Procurement Practices	❖
		Non-Discrimination	❖
		Freedom of Association and Collective Bargaining	
		Child Labor	❖
		Forced and Compulsory Labor	
		Security Practices	
		Indigenous Rights	
	Society	Community	❖
		Corruption	❖
		Public Policy	❖
		Anti-Competitive Behavior	
		Compliance	
	Product Responsibility	Customer Health and Safety	❖
		Product and Service Labeling	
		Marketing Communications	❖
Customer Privacy		❖	
Compliance			

**Eleven aspects** were deprioritized.



### 3: Applying the Materiality Principle and materiality testing indicators

A list of all the **core indicators** associated with the **23 aspects** identified was then drawn up to apply the GRI G3 Guidelines Materiality Test. This resulted in a list of **43 indicators**. Where an identified aspect did not have a corresponding core indicator within the GRI G3 Guidelines, the additional indicator was selected.

These **43 indicators** then underwent a materiality test completed by the Sustainability Reporting Team and later presented to the Senior Management Team for discussion.

The materiality of the indicators was tested against a series of questions based on the principles in the GRI G3 Guidelines. These questions are outlined in the example in figure 3.2 and answers were given in terms of 'yes', 'no', or 'maybe' for each indicator.

**Figure 3.2 Example of materiality test**

Performance Aspect	GRI Core Indicator	Does this issue constitute a risk for your organization, either operational, financial, or reputational?	Is this issue important for your organization's current or future success?	Is this issue significant due to existing or potential legislation, regulations, and/or international or voluntary agreements?	Is this issue currently or potentially a significant topic for your sector?	Total: Is it Material?
Employment	LA1: Total workforce by employment type, employment contract, and region.	Yes	Yes	Yes	Yes	✓

The materiality of the indicators was then categorized by the Sustainability Reporting Team into one of three categories.

**Category 1:** Indicators with 'Yes' as the answer to at least one of the questions are considered **material** (✓)

**Category 2:** The materiality is considered **doubtful** for indicators with 'Maybe' as the answer to at least two of the questions (?)

**Category 3:** Indicators with 'No' as the answer to at least three of the questions are considered **not material** (✗)

The indicators considered material (✓) were consequently included in the Potential Material Indicators List (to be approved later by the GRI Senior Management Team), while the indicators considered doubtful (?) or not material (✗) were taken forward for reassessment using the principles of Sustainability Context and Completeness. The results of the overall exercise are set out in figure 3.3.

**Figure 3.3 Results of materiality test**

Classification	Number of indicators
A. Potential Material Indicators:	15
B. Doubtful and not material indicators to be assessed against: <ul style="list-style-type: none"> <li>• Sustainability Context Principle</li> <li>• Completeness Principle</li> </ul>	28

#### **4: Doubtful and not material indicators assessed against the Sustainability Context and Completeness Principles**

"The report should present the organization's performance in the wider context of sustainability" according to the Sustainability Context Principle defined in the GRI G3 Guidelines.

"Coverage of the material topics and Indicators and definition of the report boundary should be sufficient to reflect significant economic, environmental, and social impacts and enable stakeholders to assess the reporting organization's performance in the reporting period" states the Completeness Principle as defined in the GRI G3 Guidelines.

The above-mentioned principles of Sustainability Context and Completeness were applied to the indicators that were selected as **doubtful** and **not material** indicators in the materiality test. These checks were applied to ensure none of the indicators was incorrectly identified as **doubtful** or **not material**. **Eleven** of the **28** indicators identified as doubtful or not material indicators in the materiality test were then reintroduced to the Potential Material Indicators List.

#### **5: Materiality test of all indicators associated with the eliminated aspects**

A materiality test was then conducted of the **12 indicators** relating to the **11 aspects** eliminated after the initial stakeholder consultation and not included in the first materiality test.

These were tested for materiality under the presumption that they might have been overlooked and would prove to be material under the Sustainability Context and Completeness Principles. **One indicator** turned out to be material and therefore was included in the Potential Material Indicators List.

#### **6: Approval of list of the material performance indicators**

The final list of material performance indicators for the GRI sustainability report was compiled. This list consisted of **27 indicators**. The GRI Senior Management Team then received and accepted the performance indicators to be reported on in the Sustainability Report based on sustainability performance for the fiscal years 2004/2005, 2005/2006, and 2006-2007. They added **two** more indicators, bringing the total number of indicators to report on to **29**.

#### **7: Feasibility test of performance indicators information**

Each of the indicators on the Potential Material Indicators List was then subjected to a feasibility assessment to determine how feasible it was for information to be collected on these indicators for the reporting period. They were categorized into three groups.

- a) Indicators that required information that was readily available: **18**
- b) Indicators that required information that was not readily available but could be (partially) accessed: **11**
- c) Indicators that required information, which was not currently accessible: **0**



### **3.6 Boundary of the report**

The GRI Senior Management Team decided that this report should include:

- Impacts of the Secretariat's operations;
- Impacts of the activities of the Board members, Technical Advisory Committee and Stakeholder Council members which are directly related to GRI, as well as the ad hoc working groups convened to develop the content of Reporting Framework components like the GRI G3 Guidelines and Sector Supplements.

The total economic, environmental and social impact of an organization results from activities of many other entities involved in its operations. The degree of control or influence an organization has over these entities varies. Financial control is a common boundary for disclosure but the organization's impacts are not limited to its boundaries of financial control. Therefore, wider reporting boundaries need to be established, determining whose sustainability performance needs to be tracked and how.

### **3.7 State any specific limitations on the scope or boundary of the report**

GRI's Secretariat is not able to track impacts of all activities around the implementation of the GRI Guidelines worldwide, and the GRI's Secretariat is not yet able to evaluate or quantify the positive results (towards a more sustainable future) of the use of the Guidelines by organizations beyond anecdotal success stories.

### **3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsource operations, and other entities that can significantly affect comparability from period to period and/or between organizations**

GRI has no subsidiaries. The operations of SC, TAC and the Board are included and declared on the same basis for calculations as for the Secretariat's staff. The impacts of their activities are not included in this report.

### **3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report**

The bases of calculations and assumptions are mentioned under the respective indicator and follow the definition of GRI Indicator Protocols.

### **3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement**

No re-statements identified.

### **3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report**

On scope:

- No changes in scope.

On boundary:

- No changes in boundaries. There are changes in the impact of GRI due to the new services and product offerings like the first Amsterdam Global Conference on Sustainability and Transparency and the Learning Publications.

On measurement methods:

- A significant change is the use of the GRI G3 Guidelines as a basis for this report as compared to the use of 2002 Guidelines for the first GRI Sustainability Report for the fiscal year 2003/2004.
- The responses to the indicators have been drafted as per the compilation methodologies and definitions found in the GRI Indicator Protocols.

### **3.12 Table of identifying location of the standard disclosures in the report**

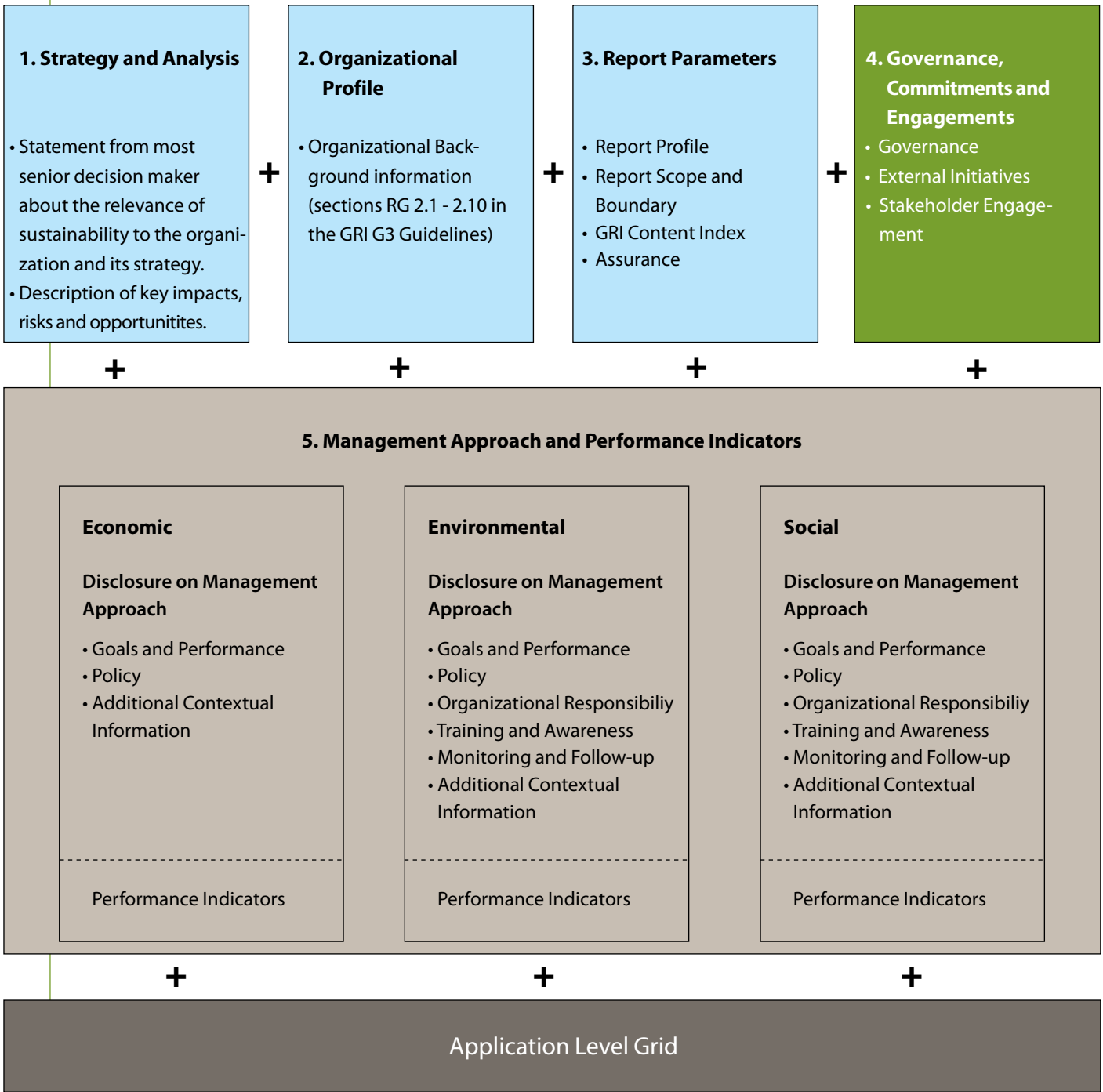
- GRI Content index is to be found on page 64.
- Omissions are explained on pages 65-69.

### **3.13 Policy and current practice with regards to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s)**

- This report has not been subject to external assurance. GRI has invited external experts to give their opinion on their report. Please consult the relevant section.
- Annual financial accounts for the fiscal years ending on 30 June 2005, 2006 and 2007 have been audited and were found to give a true and fair view reflecting the financial position and the results of the respective year in accordance with accounting principles generally accepted in the Netherlands.

Audit firm: Moore Stephens MSN BV.

Auditor: Edwin P.H. van Ravenswoud (Register Accountant).



# 4. Governance, Commitments, and Engagement

## Governance

### 4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight

GRI was set up as an independent international institution in the Netherlands in 2002 after being run for five years by one of its founders, CERES, in the USA. Its structure was designed to embody the perspectives of a global multi-stakeholder community, and also ensure technical excellence in the advancement of sustainability reporting. The GRI *Steering Committee* (1997-2002) originally designed the overall governance structure of the new institution, which received final approval from the first *GRI Board of Directors* on 21 June 2002. The key institutional components are described in the *Deed of Incorporation*, and summarized below:

#### 1. Board of Directors

The Board of Directors (referred to as the Board) has 15 members, of which two positions were vacant on 30 June 2007, who maintain the ultimate fiduciary, financial and legal responsibility for the GRI.

The Board exercises final decision-making authority on Reporting Framework developments, and organizational strategy. They take strategic and policy advice from the Stakeholder Council, and technical advice from the Technical Advisory Committee.

An independent *GRI Board Nominating Committee* appointed the first Board in December 2001. There is one Board committee, the Executive Committee. In addition there is a joint committee with the Stakeholder Council, the GRI Nominating Committee. One Board member also serves as the Chief Executive of the GRI. The Board of Directors meets at least twice a year.

#### 2. Stakeholder Council

*The Stakeholder Council* (referred to as the SC) is the formal stakeholder policy forum within the GRI governance structure and meets annually. The Council consists of 60 members and 14 positions were vacant on 30 June 2007. It serves as an active multi-stakeholder body for debating and deliberating key strategic and policy issues facing GRI. The Council appoints Board members and makes recommendations to the Board on strategic and policy matters. The Stakeholder Council meets at least once a year.

For the purposes of maintaining balance amongst stakeholder groups, the Stakeholder Council categorizes stakeholders into four constituent categories. These four constituent categories are allocated a prescribed number of seats on the Council.

- Business: 22 seats (on 30 June 2007 13 seats were filled);
- Civil Society Advocacy Organizations (CSO): 16 seats (on 30 June 2007 12 seats were filled);
- Mediating Institutions (MI): 16 seats (on 30 June 2007 all seats were filled); and
- Labor: 6 seats (on 30 June 2007 4 seats were filled).



Stakeholders are also organized into five major geographic categories based on the United Nations system of geographic distribution:

- Africa (4 representatives on 30 June 2007);
- Asia/Pacific (13 representatives on 30 June 2007);
- Europe/North America (21 representatives on 30 June 2007);
- Latin America/Caribbean (5 representatives on 30 June 2007); and
- West Asia (3 representatives on 30 June 2007).

The Stakeholder Council will at minimum maintain one representative from each geographic region from within each constituency category. The SC Chair has an oversight responsibility to achieve this balance.

The Stakeholder Council is elected in two phases. The first is the election process performed by the Organizational Stakeholders, who elect 12 SC members annually. The second phase is the appointment process performed by the Stakeholder Council, which elects 8 members annually. In total, save for replacement of resigning members, 20 members of the Stakeholder Council are rotated annually (based on a Council of 60 members).

### **3. Technical Advisory Committee**

The Technical Advisory Committee (referred to as the TAC) comprised as of 30 June 2007 10 international experts in the fields of the environment, human rights, labor, economics and finance, reporting, and/or accounting, who oversee the overall quality and coherence of the Reporting Framework. Each TAC member offers the perspectives of specific constituencies and regions of the world. Key functions of the TAC are to recommend direction on the overall architecture of the GRI Reporting Framework and key issues that emerge specifically around the GRI Guidelines content; to ensure that technical documents are created under due process; and to submit a concur/non-concur recommendation to the Board on whether to approve drafts of GRI reporting documents for release. The Board appoints the TAC.

### **4. Organizational Stakeholders**

GRI offers a mechanism through which any organization can identify itself as supportive of the GRI mission. Organizational Stakeholders (OS) help to maintain the integrity of the GRI Guidelines and play an integral part in the GRI network.

OS elect 60% of the Stakeholder Council. There were 196 OS as of 30 June 2005; 279 OS as of 30 June 2006 and 422 OS as of 30 June 2007. The geographical division of the OS as of 30 June 2007 was as follows: 242 OS came from Europe, 68 from North America, 39 from Asia, 39 from South America, 33 from Oceania, 10 from Africa, 8 from the Middle East and 3 from international organizations.

OS enjoy specific benefits including special access to the GRI network, a variety of opportunities for promotion, recognition, discounts on GRI products and services and eligibility to vote for members of the Stakeholder Council.

### **5. GRI Secretariat**

The GRI Secretariat is based in Amsterdam, the Netherlands and had 32 staff members as of 30 June 2007. It executes the work plan laid out by the Board of Directors (who takes the advice of the Stakeholder Council and the Technical Advisory Committee in the formulation of the plan). It manages communications, outreach, stakeholder relations, and financial administration, including engaging and building the network and coordinating working group processes that lead to new or improved Reporting Framework. The GRI

Secretariat is led by the Chief Executive, who is the most senior Secretariat member and also serves as a non-voting member of the GRI Board of Directors. The GRI Secretariat is organized into four Departments, each headed by a Senior Manager reporting to the Chief Executive (CE). The Senior Managers work to objectives and work on planning with their staff in relation to the CE's overall objectives for GRI, which are set by the Board. The Senior Management Team meets monthly to coordinate management issues. The Senior Managers are also responsible for performance evaluation of their staff and are the first point of contact for them on any complaints, grievances, discrimination or code of conduct concerns, supplemented by the Human Resources Manager where necessary. Any such matters are also automatically notified to the CE and where there is no resolution to the satisfaction of all parties, the dispute is referred to the CE for resolution. If no resolution can be achieved, the matter could be referred to the Board. The production of formal documented policies covering these processes is written into the objectives of the Director of Operations for the fiscal year 2007/2008.

This report is produced by the GRI Secretariat and approved by the Board of Directors.

#### **4.2 Indicate whether the Chair of the highest governance body is also an executive officer**

The GRI Board Chair for the fiscal years 2004/2005 and 2005/2006 was Dr. Judy Henderson and she was not an executive officer.

The GRI Board Chair for the fiscal year 2006/2007 was Dr. Mervyn E. King S.C. and he was not an executive officer.

The only (non-voting) member of the Board who is an executive officer of GRI is Ernst Ligteringen, who was Chief Executive for the whole of the reporting period (fiscal years 2004/2005, 2005/2006, and 2006/2007).

#### **4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body who are independent and/or non-executive members**

As of 30 June 2007 the Board of Directors consisted of 12 non-executive and independent directors (and one executive member).

#### **4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body**

GRI does not have shareholders in the traditional financial sense.

The GRI Secretariat, Stakeholder Council and the Technical Advisory Committee provide formal recommendations to the Board.

Employees can raise issues directly with the CE, who can bring them directly to the Board of Directors.

Any interested organizations can become OS, and can then participate in the elections for SC membership.



#### **4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)**

None of the members of the highest governance bodies receives any remuneration or in-kind compensation for their Board duties.

The employment contracts of Senior Managers and the Chief Executive, as well as all other staff, are evaluated through a performance review mechanism.

GRI has a policy to pay fair wages for all positions. Wage scales are dependent on the level of responsibility and the extent of expertise and experience required.

There are no specific compensation incentives or penalties related to environmental or social performance for Senior Managers.

#### **4.6 Process in place for the highest governance body to ensure conflicts of interest are avoided**

Each member of the Board of Directors signs a Conflict of Interest Policy and Statement annually. This document outlines the purpose of the policy as described below:

##### **Conflict of Interest Policy and Statement**

In general, GRI does not engage Directors in the capacity of paid consultants. However, an exception to this policy will be considered when such a contractual agreement is deemed to be in the best economic or programmatic interest of the organization. If such a case were to arise, GRI would implement the following process:

- The Chief Executive would prepare a memorandum specifying the reasons why GRI should engage the Director as a consultant;
- The Board of Directors would review this memorandum at the next scheduled Board meeting or special meeting; and
- The Director involved would excuse her/himself from the Board's discussion of the memorandum.

This process is designed to encourage transparency rather than constrain daily or timely operations. Therefore, if a situation arises in which the Chief Executive needs to act expeditiously, the Chief Executive would seek input from the Executive Committee and then proceed. Subsequently, and in the spirit of full disclosure, the Chief Executive would report these special circumstances to the Board.

All Board Members are asked to declare any Conflict of Interest, based on the format which can be found in the Annex to this report. This statement must be made at the beginning of each Board meeting.

##### **Purpose**

The purpose of the Conflict of Interest Policy is to protect GRI's interests when it is considering entering into a transaction or arrangement that might benefit the private interest of a Director of the GRI. This policy is intended to supplement but not replace any applicable laws governing conflicts of interest applicable to non-profit and charitable associations.

Over the reporting period none of the non-executive Directors has performed any form of remunerated consultancy for GRI.

#### **4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics**

Chapter 4, Article 18 of the GRI Deed of Incorporation outlines the role and responsibility of the GRI Nominating Committee (GNC). This was previously called the Board Nominating Committee (BNC). The GNC comprises **seven members**, three from and appointed by the Board and three from and appointed by the Stakeholder Council. When the GNC is discussing Board nominations, the Chair of the Board serves as the seventh member when the GNC is discussing Stakeholder Council nominations, the Chair of the SC serves as the seventh member. The GNC identifies vacancies on the Board, SC and TAC and determines qualifications and expertise required for new members.

Stakeholder Council members vote to accept or reject the slate of new members of the Board as presented by the GNC. The responsibilities of the GNC have been expanded beyond its original mandate stated in the Articles through a 2004 Board resolution that charges them to also come up with recommendations for the TAC and a slate for the annual election of Stakeholder Councilors.

For the Secretariat, the CE is responsible for assessing their expertise.

#### **4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation**

##### **GRI's Vision**

Disclosure on economic, environmental, and social performance will become as valued and comparable as financial reporting, and as important to organizational success.

For this to happen GRI envisages a sea change in the practice of organizational reporting, where the disclosure of material economic, environmental, and social information is routinely made available and used in addition to traditional financial data disclosures. A more complete method of business reporting will have a two-fold effect in the movement toward a sustainable future:

1. Reporting entities and their shareholders and stakeholders will be better able to reassess and adjust business models to address to the critical sustainability challenges our world is facing.
2. With comparable and more complete information on sustainability performance, stakeholders in the financial, consumer, and labor spheres will be able to internalize and evaluate entities' sustainability impacts and develop an informed view on entities' performance and prospects.

##### **GRI's Mission**

GRI's mission is to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of its Sustainability Reporting Framework. The Framework is developed based on systematic dialogue with relevant stakeholder constituencies to reflect their evolving understanding of good reporting on key sustainability issues, and to help build capacity for report makers and report readers to use the Framework.



#### **4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles**

The Board receives a report on the Chief Executive's objectives and monitors progress and generally oversees GRI performance. All performance goals are included in the CE Objectives document, including economic, environmental and social goals.

An Executive Committee (group of 5 Board members, including the Chair of the Board, with the Chief Executive in attendance) has regular conference calls to discuss Board-related matters in between Board meetings. Moreover, the Board meets at least twice a year. The Board, and the Executive Committee acting on its behalf in between meetings, governed by Board rules and procedures, could be considered the body that assesses these risks and opportunities.

Guided by the Board and the SC, the GRI Secretariat prepares a Development Plan which is used as a tool to assess opportunities and risks for GRI. The document is presented to and approved by the Board. The Board also approves the content of the GRI Sustainability Report.

#### **4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance**

There are no formal processes to evaluate the highest governance body's own performance. (There is a formal procedure to approve CE performance by the Board of Directors.)

The rotation of governance members and possibility to be re-elected for a second consecutive period serves indirectly as a tool to evaluate members who wish to be considered for a new term.

In the event that a Board member does not attend meetings, nor send their proxy vote or participate in the conference calls, etc., the Chair would be the person to take action based on his/her best judgment in line with the relevant rules and procedures.

In the case of the Stakeholder Council, the rule is that when a member has missed 2 consecutive meetings without formally notifying GRI and without delegating his/her vote by proxy, his/her seat is considered vacant.

#### **4.11 Explanation of whether and how the precautionary approach or principles is addressed by the organization**

The precautionary principle is an inherent part of GRI's mission and products: by promoting greater measurement, understanding, transparency and accountability for sustainability performance, action can be taken to make improvements in the way these risks, opportunities and impacts are managed.

The GRI Guidelines, the core of the Sustainability Reporting Framework and main outcome of the process facilitated by the GRI, ask reporting organizations to explain whether and how the precautionary approach or principle is addressed.

#### **4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses**

GRI has a strategic relationship with the UN Global Compact and endorses the UNGC principles. The collaboration with the UNGC was intensified over the reporting period and both organizations worked on a project to develop a linkage tool to help Global Compact Adopters use the new GRI G3 Guidelines for their reporting, to ensure ongoing complementarity and offering, through the combined use of the UNGC principles and the GRI Sustainability Reporting Guidelines, a solid and widely recognized framework for any organization that wants to adopt a sustainability or CSR focus. This project resulted in a publication called "Making the Connection – The GRI Guidelines and the Global Compact Communication on Progress".

The GRI G3 Guidelines reference where possible generally accepted norms and standards. These include:

- Article 15 of the Rio Principles
- United Nations Universal Declaration of Human Rights and its Protocols
- United Nations Convention: International Covenant on Civil and Political Rights
- United Nations Convention: International Covenant on Economic, Social and Cultural Rights;
- ILO Declaration on Fundamental Principles and Rights at Work of 1998
- The Vienna Declaration and Programme Approach
- The ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy
- Organization for Economic Co-operation and Development (OECD) Guidelines for
- Multinational Enterprises

#### **4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations**

GRI is not a member of any industry association or advocacy organization. Independence is of key importance to ensuring a safe and credible meeting ground for all stakeholders. GRI depends on the active participation of a diverse assembly of stakeholders during the creation of its Sustainability Reporting Framework.

GRI does not have the mandate to represent its stakeholders through membership. GRI can only represent the substantive outcome of the stakeholders' inputs to the development of the GRI Reporting Framework and its general experience in the area of sustainability reporting.

#### **4.14 List of stakeholder groups engaged by the organization**

The main stakeholders who influence GRI's performance or are influenced by it are:

Internal:

- Board of Directors (main decision-making body);
- Stakeholder Council;
- Technical Advisory Committee;
- Organizational stakeholders;
- Secretariat staff members;



External:

- Donors/Sponsors;
- GRI Guideline users;
- Other normative standard setters/framework providers;
- Trade and industrial associations;
- Partners for specific activities (with whom GRI holds an MoU);
- Accountancy associations;
- Assurance providers for non-financial reports;
- Consultants, service providers/reporting professionals;
- Suppliers of goods or services to the Secretariat;
- Prospective donors/partners;
- "Opinion makers" in the sustainability and business context;
- Business schools and academic institutions;
- Training organizations in the CSR field;
- The City of Amsterdam;
- Key information user/reader communities: non-governmental organizations, Labor unions, and investors;
- UNEP and OECD; and
- Governmental agencies' representatives.

#### **4.15 Basis for identification and selection of stakeholders with whom to engage**

The list above was compiled by using the criteria of 'influenced by or influences' GRI's performance and goals.

#### **4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group**

1. Formal Governance Bodies (Board, SC, TAC and sub committees):

The Board of Directors meets at least twice a year. The Stakeholder Council meets at least once a year. The Technical Advisory Committee meets on an ad hoc basis.

2. Working Groups for Reporting Framework:

Meet on an ad hoc basis according to the project plan.

3. Organizational Stakeholders:

There are OS round tables (OS meetings in different countries). The frequency of these events is still ad hoc.

4. Others:

All other stakeholders are consulted on a regular basis during the implementation of GRI's projects during structured 'feedback processes', etc.

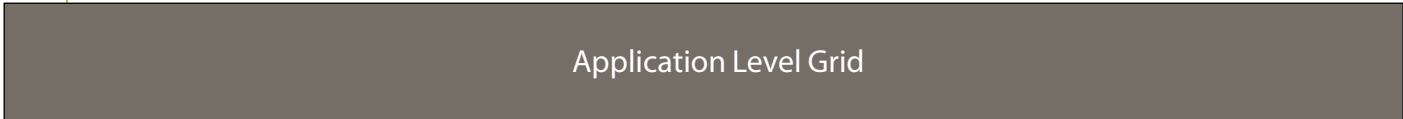
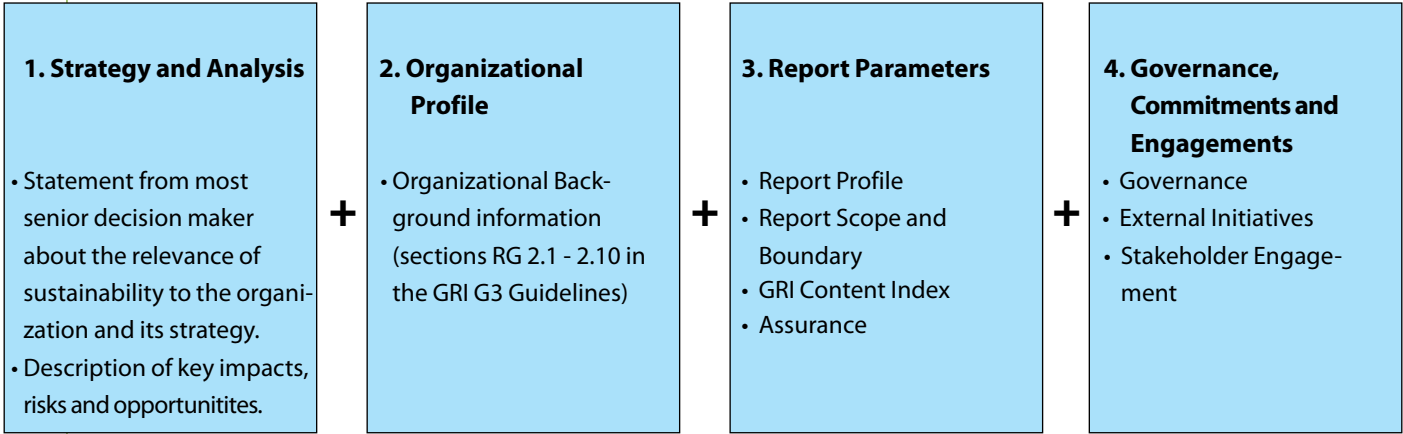
#### 4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting

All stakeholder engagement activities are designed to elicit opinions and information on how to develop GRI products and policies, particularly related to the development of GRI Guidelines and GRI contents. The GRI Secretariat captures best practice, opinion, experience and innovative ideas that spring from the network, and feed this directly back into the development of the Reporting Framework.

For the purposes of the GRI Sustainability Reporting process, GRI stakeholders were asked to identify from a list of all the economic, environmental and social performance aspects in the Guidelines the 10 aspects they considered most important and therefore material for GRI. The identity of the 5 stakeholder group members who answered the survey was not kept. We cannot therefore divide their answers per group. The aspects that were raised during this stakeholder engagement are detailed in the figure below (figure 4.1). The other key topics highlighted which are not reflected in the aspects taken from the Guidelines were criteria for supplier selection/procurement policy and the under-representation of investors and governments within stakeholder groups. For more details see section 3.

**Figure 4.1 The aspects selected by GRI stakeholders for GRI's report**

Section	Dimension	Aspects	
Economic	Economic	Economic Performance	
		Market Presence	
		Indirect Economic Impacts	
Environmental	Environmental	Materials	
		Energy	
		Emissions, Effluents, and Waste	
		Products and Services	
		Compliance	
		Transport	
Social	Labor Practices and Decent Work	Employment	
		Labor/Management Relations	
		Occupational Health & Safety	
		Training and Education	
		Diversity and Equal Opportunity	
	Human Rights	Investment and Procurement Practices	
		Non-Discrimination	
		Child Labor	
	Society	Community	
		Corruption	
		Public Policy	
	Product Responsibility	Product Responsibility	Customer Health and Safety
			Marketing Communications
Customer Privacy			



# 5. Management Approach and Performance Indicators

## Disclosure of Management Approach Economic Performance Indicators

### GOALS AND PERFORMANCE

The economic goal for the period was to develop and implement the economic, environmental and social procurement policy. GRI does not yet have a formal policy in this sense but is working toward formalizing existing practices. This is a goal for the next period.

Financial performance has improved. Total income increased around 70% during the reporting period. The cumulative reserve is now positive but not yet substantial enough to cover the target of 6 months' operating expenses. This is an economic goal for the GRI for next year.

### POLICY

A key aspect of improving GRI positive economic impacts would be the formalization and completion of a wide procurement policy to manage selection of suppliers, including environmental and social aspects, in a more consistent way. This will ensure that factors such as supplier suitability to sustainability criteria, quality and price are consistently taken into account in purchasing decisions and a minimum of 2 quotations are always obtained for financially significant purchases.

The GRI Secretariat has a goal to establish a due process for selection of partners, to ensure collaboration with partners that want to promote sustainability.

No formal procurement policy is applied to GRI's Secretariat's activities at the moment. Different approaches have been tested and good and representative initiatives have been started, but not yet formalized as a policy.

### *Economic Performance – from the management perspective*

GRI has focused on improving its financial health over the last 3 years, and has succeeded in recording a small operating surplus in each year.

The Secretariat's operations in Amsterdam are the main direct influence on economic performance as most procurement is carried out locally. A network of partners and consultants worldwide means there are also some economic flows outside the Netherlands.

A comprehensive and documented GRI-wide procurement to payment process has not been developed, although the administrative back office aspects are already covered by financial process documentation. Consequently, a process for selection of suppliers by reference to their environmental and social standards has not been formalized and sourcing decisions are made on an ad hoc basis using best currently available information.

### *Market Presence – from the management perspective*

GRI is, by nature, a global organization and operates in a wide range of countries. GRI continues to expand its presence and influence as a global network in different markets and countries through the use of technology, including the web portal, and through stakeholder engagement and development of local partners in new areas. All these activities draw on GRI's Sustainability Reporting Framework, which is now available in 13 languages.



### **Indirect Economic Impacts – from the management perspective**

Through carrying out the mission of mainstreaming non-financial reporting, GRI is assumed to have a significant positive indirect effect on the development, implementation and improvement of sustainability management systems globally. In addition, particularly in development countries, GRI can contribute to local economic growth through the GRI Certified Local Training partners.<sup>1</sup>

### **Aspect: Economic Performance**

#### **EC1 - Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments**

- These figures are taken from the Audited Annual Reports approved by the Board of Directors for the fiscal years 2004/2005, 2005/2006 and 2006/2007.\*

EC1 <sup>1</sup> (all amounts in Euro)	2006/2007	2005/2006	2004/2005
<b>Revenue</b>			
Income <sup>2</sup>	4,112,411	2,467,301	2,438,078
Revenues from financial investments	0	0	0
Revenues from sales of assets	0	0	0
<b>Operating costs</b>	<b>2,399,230</b>	<b>1,043,397</b>	<b>1,165,608</b>
<b>Employee wages and benefits</b>			
Total payroll	1,093,489	866,152	752,553
Total benefits	468,870	410,669	408,682
<b>Payments to providers of funds</b>			
Dividends to shareholders	Not applicable <sup>3</sup>	Not applicable <sup>3</sup>	Not applicable <sup>3</sup>
Interest payments to providers of loans	14,189	11,779	10,690
Other payments of interest for debts and borrowings	(28,917)	(16,440)	5,682
<b>Payments to government</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Community investments</b>			
Voluntary donations and investments of funds	0	0	0
Infrastructure investments	0	0	0

<sup>1</sup> The source documents for these figures are the Audited Annual Reports which have been approved by the Board of Directors for the fiscal years 2004/2005, 2005/2006, and 2006/2007. The definitions for the "revenue" items are taken from Indicator Protocol EC1 in the GRI G3 Guidelines.

<sup>2</sup> Income includes: grants, sponsorships, specific projects, OS fees, publication sales and level check fees.

<sup>3</sup> GRI has no dividends to share, nor has it financial shareholders to consider.

<sup>1</sup> The groundwork for this commenced in the fiscal year 2007/2008.

\* For more detailed information, see Annex I to this report.

## Income by donor

	2006/2007	2005/2006
<b>Unrestricted donations</b>	€	€
United Nations/World Bank	-	111,655
Charles Stewart Mott Foundation	-	21,835
General Motors	-	95,974
<i>Total Unrestricted donations</i>	0	229,464
<b>Projects with single sponsors</b>		
Secondment (Ministry of Environment, NL)	61,297	122,589
Biodiversity (Ministry of Foreign Affairs, NL)	51,290	36,337
ING bank	-	18,250
Governance Support (UNEP)	12,832	22,294
Millenium Development Goals (Norwegian Government)	-	7,715
Logistics & Transport Sector Supplement (WEF)	6,689	30,592
Public Agencies Sector Supplement (EC)	(4,200)	
ISO & DAC Support (Ministry of Foreign Affairs, NL)	52,575	20,312
SME (Ministry of Foreign Affairs, NL)	45,734	18,318
SME Project (Triodos)	-	1,345
SME RSE COOP (Conf. de Coop. de Catalunya)	14,575	
SME FUINSA	9,822	
SME Vincular (FEFE)	412	
Global Compact GRI Handbook (Telefonica)	-	2,356
<i>Total for Projects with single sponsors</i>	251,026	280,108
<b>Projects with 2 or multiple Sponsors</b>		
Apparel and Footwear Sector Supplement	54,535	137,952
Energy & Utilities Sector Supplement	120,573	66,213
NGO Sector Supplement	4,895	-
Global Compact	39,980	-
G3 Guidelines	103,167	694,004
G3 Education Consortium	119,304	-
G3 Taxonomy	-	-
G3 Website	55,716	16,080
G3 Education Manual	136,729	5,336
G3 Briefings	109,490	25,581
G3 Conference	1,727,177	48,281
Tech Partnership	69,918	8,082
Pilot Sector Supplement Services	57,171	11,758
SME GTZ	74,402	
HP Servers and Microsoft Software	151,215	-
Miscellaneous/honoraria/Brochures/Application Level Check	154,732	102,303
Learning Publications	34,449	
<i>Total for Projects with 2 or multiple sponsors</i>	3,013,453	1,115,590
<b>Additional Sponsors</b>		
Contributions from Organizational Stakeholders	847,932	842,139
<i>Total additional sponsors</i>	847,932	842,139
<b>Total income</b>	<b>4,112,411</b>	<b>2,467,301</b>



### EC3 - Coverage of the organization's defined benefit plan obligations

- This indicator requires disclosure on the existing retirement plan.
- GRI Secretariat's staff members receive 6% on top of their gross annual salary. It is at each staff member's discretion to decide if and where to invest this money. This decision not to offer a collective Dutch pension scheme was taken, as a result of the following: Dutch law prescribes that a pension scheme offered to one employee must be offered to all employees. As it is unlikely to happen that all GRI staff members will retire in the Netherlands, as most of the Secretariat's employees are not Dutch, the GRI Management Team decided not to offer a Dutch pension scheme.
- All employees resident in the Netherlands are insured under the National Pension Act (AOW). Volunteers and interns are not insured under this Act.

### EC4 - Significant financial assistance received from government

EC4 <sup>1</sup> (all amounts in Euro)	2006/2007	2005/2006	2004/2005
Tax relief/credits	189,610	52,077	48,659
Investment grants, research and development grants, and other relevant types of grants	622,860 <sup>5</sup>	192,681 <sup>4</sup>	271,053 <sup>3</sup>
Other financial benefits received or receivable from any government for any operation <sup>2</sup>	61,296	122,590	122,590

<sup>1</sup> All figures taken from the Audited Annual Accounts.

<sup>2</sup> Secondment from Dutch Ministry VROM, ended December 2006.

<sup>3</sup> Ministry of Environment, The Netherlands - 46,298, Ministry of Economic Affairs, The Netherlands - 148,300, European Union - 48,876, Australian Government - 17,684, Norwegian Government - 9,877.

<sup>4</sup> Ministry of Foreign Affairs, The Netherlands - 72,649, Ministry of Foreign, Economic, Environmental Affairs - 9,656, UK Government (DEFRA) - 14,696, Swedish Government - 64,311, Norwegian Government - 7,715, European Commission - 5,336.

<sup>5</sup> Ministry of Foreign Affairs, The Netherlands - 278,903, Ministry of Economic Affairs, NL/Foreign Affairs (BuZa) - 26,738, Ministry of Foreign, Economic, Environmental Affairs. City of Amsterdam - 224,680, European Commission/Min. Foreign Affairs (BuZa grant) - 136,729, European Commission - (4,200).

- GRI's tax position: As a foundation (Stichting) under Dutch law, GRI is eligible and has qualified for a 0% tax status on corporate tax obligations. Under certain conditions GRI is allowed to claim back VAT paid on goods and services. GRI files for VAT refunds quarterly on invoices greater than €225.00. GRI has VAT exemption on its monthly recurrent payment of rent.
- GRI does not receive any subsidies, awards, royalty holidays, financial assistance from Export Credit Agencies, or other financial incentives.
- There is no governmental representation in the governance structure of GRI.

## Aspect: Market Presence

### EC6 - Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation

- For this report GRI considers all suppliers based in the Netherlands as 'locally-based suppliers'.
- There is no policy or practice in place that specifies GRI has to contract suppliers locally.
- Decisions on supplier selection were mainly taken based on cost effectiveness, quality considerations and timeliness of delivery.
- GRI has mostly awarded consultant contracts to international candidates.

Region	2006/2007		2005/2006		2004/2005	
	EUR	# of suppliers	EUR	# of suppliers	EUR	# of suppliers
Netherlands	381,279	93	257,324	90	234,904	80
International	257,462	25	120,601	16	140,398	9
Total	638,733	118	377,926	106	375,302	89

For the data provided the following spending is not included: travel-related expenses like travel, accommodation and incidental expenses (all 3 fiscal years); financial and legal costs – depreciations, exchange rate gains and losses, interest charges, bank and other finance charges, reservation doubtful debtors (all 3 fiscal years); and conference expenses (2006/2007).

City	2006/2007		2005/2006		2004/2005	
	EUR	# of suppliers	EUR	# of suppliers	EUR	# of suppliers
Amsterdam	171,558	55	123,358	34	91,596	30

For the data provided the following spending is not included: travel-related expenses like travel, accommodation and incidental expenses (all 3 fiscal years); financial and legal costs – depreciations, exchange rate gains and losses, interest charges, bank and other finance charges, reservation doubtful debtors (all 3 fiscal years); and conference expenses (2006/2007).

- During the period 2004-2007 the GRI Secretariat spent around 65% of its services budget in the Netherlands, 30% of it was spent in Amsterdam.
- Most purchases are made in Europe, but as GRI operations are extended around the world, the proportion is decreasing (in the fiscal year 2004/2005 92.31% of spending was in Europe, while in the fiscal year 2006/2007 only 81.30%).
- At the end of the reporting period GRI had significant supplier relations in 3 geographic regions – Europe, North America and South America.



### **EC7 - Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation**

- All formal operations of the GRI Secretariat and governance bodies are located exclusively in Amsterdam. The GRI Secretariat does not have employees based in any other locations.
- GRI has no written policy for this topic.
- Common practice applied at GRI is that all people have equal opportunity for employment and advancement on the basis of ability, necessary qualifications and fitness for work irrespective of sex, age, marital status, civil partnership, sexual orientation, color, race, and creed, religion, national or ethnic origin.
- The GRI Board of Directors has the highest level of responsibility as they are responsible for the fiduciary governance of the GRI as well as overseeing Senior Management and strategic direction. The Senior Management Team at GRI consists of individuals who have the highest level of organizational management experience and who have the day-to-day executive responsibilities of managing GRI.
- Two out of 6 Senior Management staff members are Dutch.

## Disclosure of Management Approach Environmental Performance Indicators

### GOALS AND PERFORMANCE

Part of the environmental goal for the period was to develop and implement the economic, environmental and social procurement policy. GRI does not yet have a formal environmental policy although various practices have been implemented. Amongst these are promoting conference calls as substitutes for travel and a policy to restrict travel by more than one staff member to the same event and venue, as well as the use of local GRI supporters where possible. Formalizing this is a goal for the next reporting period.

It was also part of the environmental goals to implement formal policies and procedures related to the impact of the use of energy, paper and transportation of staff members and governance bodies.

Many different initiatives (related to these issues) were implemented: GRI has established clear environmental criteria to select paper quality for the new printed publications; a recycling paper initiative in the office; improved methodology to calculate carbon emission from transportation – mainly flights- of staff members and members of governance bodies; and offered an offsetting carbon choice for the participants of the international conference. But GRI does not have a homogeneous practice for all Secretariat activities and for those reported in this document. The GRI Secretariat acknowledges that there is still room for improvement in terms of the management of environmental issues.'

### POLICY

To date GRI Secretariat systems for managing environmental performance have been informal. This lack of a formal procurement policy including clear environmental criteria means that supplier selection criteria based on environmental factors and evaluation of inputs and outputs by reference to their impacts have not been consistently applied.

A review of current travel policy including CO<sub>2</sub> offset procedures is also in place.

### *Training*

Over the past three years, there has been no formal training related to the environmental impacts of GRI's Secretariat and governance bodies.

### *Organizational Responsibility*

The Operations department within GRI is responsible for policy development and following up the implementation of internal procedures. GRI has been through internal re-structuring and the Operations department has been reinforced to face these and other operational challenges.

### *Monitoring and Follow-up*

To date, the system for managing environmental performance has been informal and ad hoc. Some clear improvements were achieved in the last fiscal year, as set out below, but follow-up of environmental impacts was not carried out on a consistent and regular basis.

### *Materials*

Significant effort was invested during the last year to ensure that production of the GRI Learning Publication "The GRI sustainability reporting cycle: A handbook for small and not-so-small organizations" used environmentally friendly printing processes and paper.



The knowledge developed during this process will be used as the basis for future printing and paper usage decisions in the coming years.

The development of a procurement process will address the selection of suppliers who are environmentally sensitive, but the end of life process also needs to be developed and documented, particularly with respect to computers and ancillary equipment.

### **Energy**

The Secretariat office building is relatively energy inefficient, as it was not designed for office purposes and has high ceilings and many internal walls with ineffective utilization of space.

Despite these constraints, GRI Secretariat staff ensure electrical equipment is shut down outside office hours and where possible, energy-saving light bulbs are used. All heating systems function on the basis of a pre-programmed thermostat, meaning that the heaters only function during office hours. GRI does not have the discretion to carry out major architectural alterations in a rented office space. GRI will move to alternative office space by the end of 2008.<sup>1</sup>

### **Emissions, Effluents, and Waste**

The level of carbon emissions relating to flights undertaken by Secretariat staff and governance bodies was identified in the 2003/2004 Sustainability Report as a matter of concern. Over the last 3 years this has remained an issue as GRI Secretariat staff and governance bodies have continued to take a large number of flights. Despite ongoing discussions on the possibility of actively promoting alternatives to flying, or making a structural commitment to a carbon offsetting program, no formal policy was developed.

One positive step taken was that travellers to the Amsterdam Conference on Sustainability and Transparency were offered the opportunity to pay an additional amount to offset their carbon emissions. The use of teleconferencing has also been promoted as an alternative or a means to reduce travel and GRI will build on these steps in developing a more structured general approach for balancing carbon emissions with the need to carry out its mission as effectively as possible.

With respect to staff commuting, the choice of office location, which is highly accessible by public transport and does not offer private parking facilities, helps to reduce emissions. GRI also reimburses staff commuting expenses if they use public transport.

Related to the Secretariat's operations, regular effluents and waste are treated by the administration of the city, which is known to be efficient. Recycling services are offered across the whole city for paper, glass and PVC. Staff members are encouraged to use this recycling service for every-day waste production.

GRI recycles computers, toner containers from printers and recently started to recycle printers.

<sup>1</sup> The selection criteria for the new office space have been approved and includes, among others, eco efficient utilities, easy access for disabled persons, and easy access to public transport.

## Aspect: EN - Materials

### EN2 - Percentage of materials used that are recycled input materials

- The GRI Secretariat is an office based organization – office paper and paper for printed publications are considered as input materials in this report.
- The data presented refer to the office paper used for printers and copying machine and paper used for printed publications.

### Recycled Paper Usage

EN2 <sup>1,2</sup>	2006/2007	2005/2006	2004/2005
Total Paper (kg)	9.285	1.078	1.613
Recycled Paper (kg)	1.550	0	1.000
Recycled Paper (%)	17	0	62

<sup>1</sup> Data reported is based on respective bookkeeping documentation

<sup>2</sup> GRI reports on the usage of paper for the following:

- 2004/2005 - High 5! Communicating your Business Success through Sustainability Reporting (4.000 copies) - printed on 50% post-consumer recycled paper – 1.000 kg
- 2004/2005 – Office paper – 613 kg
- 2005/2006 – Office paper – 1.078 kg
- 2006/2007 – GRI Learning publication The GRI sustainability reporting cycle in 3 languages (6.200 copies) - printed on 100% recycled paper, for covers 40% post-consumer recycled fibre – 1.550 kg
- 2006/2007 - G3 Guidelines (3000 copies) – 2.100 kg
- 2006/2007 - 6 brochures, booklets and leaflets for conference (Leaflet about GRI (5.000 copies), Leaflet about OS (5.000 copies), Leaflet about G3 Guidelines (5.000 copies), booklet about release of guidelines (7.000 copies), conference program (1.500 copies) and conference review (2.500 copies) – 4.875 kg
- 2006/2007: Office paper – 760 kg

- The usage of paper for GRI Secretariat activities increased in the fiscal year 2006/2007 due to the launch of the GRI G3 Guidelines and related activities, as well as the launch of the Learning Publications. A substantial effort has been made to increase the usage of recycled paper and a formal policy is under preparation.
- Currently there is no policy in place that requires the purchase of recycled paper or any other supply with recycled content. The Director of Operations is in charge of formalizing GRI's policy.
- Paper for the GRI Learning Publications Series has been selected on the basis of a set of environmental criteria that were the outcome of research on the available options to reduce the environmental impact resulting from paper used for publication printing.
- Orientation for the paper selection for GRI Learning Publications:
  - The higher the recycled fiber content, the better.
  - The higher the post-consumer fiber content, the better.
  - Preference goes to "processed-chlorine-free" (PCF) paper.
  - Preferably a paper with Blue Angel (RAL-UZ 14) and Nordic Swan Certification.
  - If there is a need for virgin fiber content due to paper characteristics, it should be Forest Stewardship Certified (FSC).
  - Preference is given to paper from paper mills with ISO 14001/EMAS or comparable Environmental Management System certification of the paper production facility and the use of renewable energy in the paper production process.



- Paper used for all Learning Publications produced so far:
  - Cover: 40% post-consumer FSC fiber, 55% FSC pulp and 5% cotton fiber, (EU Eco-label "Flower", ISO 9001)
  - Inside: 100% recycled fiber (RAL UZ-14-Blue Angel, Nordic Swan certified, EU Eco-label "Flower, EMAS, ISO 9001 and ISO 14001).

**Aspect: EN Energy**

**EN4 - Indirect energy consumption by primary source**

- GRI does not have direct access to its energy usage data. It is the responsibility of the building owner.
- The building owner provided data for the time period 2004 – 2006. It is not yet possible to report on the consumption and use of electricity for the full fiscal year 2006/2007.
- Data includes the consumption of energy by the GRI Secretariat’s office.
- Base data include the consumption of energy by the GRI Secretariat’s office. Data on usage of Natural Gas for heating is available only as a total amount for period from October 2002 to December 2006. Consequently, average consumption of heating is used to reflect the generation of CO<sub>2</sub> emissions.
- Under the current office rental contract it is not possible to choose a different energy supplier, although this is generally possible in the Netherlands.

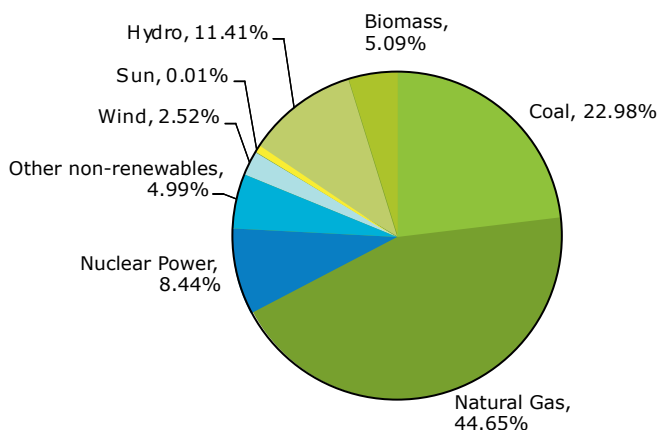
EN4	2006/2007 <sup>1</sup>	2005/2006	2004/2005
Electricity consumption (GJ)	156.3732	282.3948	283.1616
Heating consumption (GJ)	241.4765	482.953	482.953

<sup>1</sup> Includes the data for the first half of the reporting period (July 2006 - December 2006)

- Energy-saving light bulbs have been installed in the GRI Secretariat’s office.

**Breakdown between the different primary energy sources used by GRI’s energy supplier in 2006 (which is representative for the reporting period):**

<b>Share Non-Renewables</b>	80.99%
<b>Share Renewables</b>	19.01%



## Aspect: EN Emissions, Effluents, Waste

### EN16 - Total direct and indirect greenhouse gas emissions by weight

- Data includes the consumption of energy by the GRI Secretariat's office.

EN4 and EN16	2006/2007 <sup>1</sup>	2005/2006	2004/2005
Electricity Consumption (tons of CO <sub>2</sub> ) <sup>2</sup>	19.43	35.09	35.19
Heating Consumptions (tons of CO <sub>2</sub> ) <sup>3, 4</sup>	12.19	24.44	24.44

<sup>1</sup> Includes the data for half of the reporting period (July 2006 - December 2006). Data for 2007 is not yet available (see EN4 for more details).

<sup>2</sup> Emissions Factor used provided by GRI's energy supplier for 2006: 447.331515414666g/kWh.

<sup>3</sup> Emissions Factor 1.974 kg/m<sup>3</sup> provided by GHG protocol Initiative is used.

<sup>4</sup> Data on usage of Natural Gas for heating is available only as a total amount for period from October 2002 to December 2006. Consequently, average consumption of heating is displayed here to project the generation of CO<sub>2</sub> emissions caused by heating in the period.

### EN17 - Other relevant indirect greenhouse gas emissions by weight

- Other relevant indirect greenhouse gas emissions considered in this report are air travel and rail travel related to the GRI Secretariat's staff members' activities, working groups for the GRI Guidelines, Board of Directors, Stakeholder Council, Technical Advisory Committee and participants in GRI's Sustainability Conference 2006.
- Currently most of the GRI Secretariat staff commute by bike or in exceptional cases take the bus or train for commuting to work (24 employees from a total of 34), 8 employees commute by train and 2 use trams on a daily basis. No employees commute by car. The overall amount of carbon emissions produced by commuting is not significant and therefore not considered in this report.

EN17 <sup>1</sup>	2006/2007	2005/2006	2004/2005
<b>Air travel (in tons of CO<sub>2</sub>)</b>	<b>990.63</b>	<b>270.73</b>	<b>263.38</b>
Secretariat and Working Groups <sup>2</sup>	185.07	174.15	171.5
Board of Directors	43.37	30.08	30.85
Stakeholder Council	78.48	38.21	40.83
Technical Advisory Committee	5.42	28.36	12.21
Conference 2006 <sup>3</sup>	678.3	-	-
<b>Rail travel Secretariat (in tons of CO<sub>2</sub>)</b>	<b>0.91</b>	<b>1</b>	<b>1.3</b>
<b>Total (in tons of CO<sub>2</sub>):</b>	<b>991.54</b>	<b>271.73</b>	<b>264.68</b>

<sup>1</sup> GRI only reports carbon emissions (CO<sub>2</sub>) and refers to the GHG Protocol Initiative as suggested by the GRI G3 Guidelines. The GHG Protocol does not provide a tool for calculation of gases other than carbon emissions for office-based organizations. A so-called RFI factor is used by other organizations to calculate the impact of other gases, converting their emissions into the same impact in CO<sub>2</sub> terms - CO<sub>2</sub> equivalent. The GHG Protocol Initiative estimates that approximately 83% of all emissions result from CO<sub>2</sub>, but the emissions of other gases have more impact, therefore, in terms of environmental impacts; CO<sub>2</sub> emissions constitute approximately half of the impact.

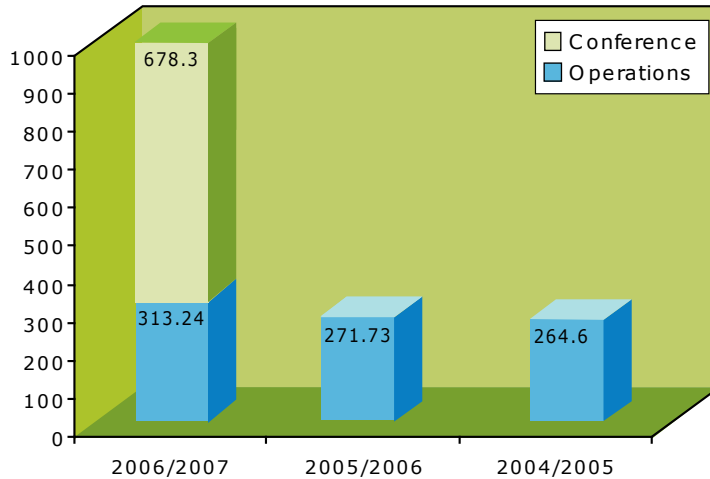
<sup>2</sup> The data provided is based on GRI bookkeeping information, where it appears as a sum of both Secretariat and working group data. In the future GRI would like to offer this information separately. Details of sponsored travel activities are not always recorded in GRI's systems. They might represent an increase of 20 - 30% on this total.

<sup>3</sup> The conference is considered an activity totally under GRI Secretariat responsibility and a 'service' to the GRI network.



- The GRI Conference 2006/2007 constituted 68% of CO<sub>2</sub> emissions for 2006/2007.
- 86% of all indirect CO<sub>2</sub> emissions generated result from air travel.

#### Indirect CO<sub>2</sub> emissions generated<sup>1</sup>



<sup>1</sup> CO<sub>2</sub> emissions generated by rail and air travel of GRI Secretariat, working groups and GRI governance bodies and emissions generated from the travel for GRI Conference in 2006 in 2006/2007. Data supported by bookkeeping documents is reported.

- The size of the GRI Secretariat has increased by 27% from 2004/2005 to 2005/2006 and by 17% from 2005/2006 to 2006/2007. This has resulted in an increase of CO<sub>2</sub> generated as a result of Secretariat operations.
- In 2005/2006 the amount of CO<sub>2</sub> generated by travel of Secretariat and working groups has increased by 3% compared to 2004/2005 and the increase in 2006/2007 has been 13% compared to the previous reporting period, 2005/2006.

#### EN18 - Initiatives to reduce greenhouse gas emissions and reductions achieved

- In order to reduce emissions resulting from GRI Secretariat activities, staff are reimbursed their commuting costs only if they use public transport, but not for using other vehicles. Teleconferencing is promoted for financial and environmental reasons. The GRI Secretariat is working on the best procedure to set it as a policy.
- Statistical data were not gathered to monitor the effectiveness of these initiatives during the reporting period.
- There are 9 different Stakeholder Council committees and working groups, each with 9-16 members. Instead of having actual meetings and working sessions, conference calls are organized. Depending on the working group or committee, there is a conference call on average every 1-3 months.
- Members of the Board of Directors who form the Executive Committee and GRI Nominating Committee use teleconferences for discussions and decision-making on average every second month.

## Aspect: EN Products and Services

### EN26 - Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

#### Initiatives to mitigate the most significant environmental impacts of products and services

Activity	Emissions (e.g., GHG, toxic, ozone-depleting emissions) tons of CO <sub>2</sub>		
	Air travel for conference	Conference Venue	Printing
	CO <sub>2</sub> offsets during the conference in 2006: in 241 (out of 1132) cases, or in 21% of cases, carbon emissions of travel were offset. Every delegate or speaker at the conference was encouraged to choose the option of offsetting carbon emissions (cost 15 EUR in addition to the participation fee). For the conference in 2008 offsetting CO <sub>2</sub> will be included by the organizer in all the participation fees.	Not only were parts of the carbon emission for air travel offset during the conference in 2006, but also 100% of the CO <sub>2</sub> generated by heating, electricity and use of gas during the conference.	No Isopropyl emissions in printing process of publications
<b>Amount</b>	173.37	48.63	-
<b>Extent</b>	26% <sup>1</sup>	100% <sup>2</sup>	100% <sup>3</sup>

<sup>1</sup> % of the CO<sub>2</sub> emissions generated by air-travel for conference purposes which were offset

<sup>2</sup> % of the CO<sub>2</sub> emissions generated during the stay in hotel for conference purposes which were offset

<sup>3</sup> % reduction of emissions related to printing process

- GRI perceives mitigation as softening environmental impacts.
- GRI has taken further initiatives to mitigate environmental impacts of products and services. These include:
  - Selection of printing service provider and printing-related emissions.
  - Option to offset CO<sub>2</sub> emissions from air travel for conference participants.
  - Organic food offered during the conference.
  - No bottled water used during the conference.
  - Use of recycled paper for GRI Learning Publications saves 1/3 water compared to virgin paper in the paper production process.
- During the conference 26% of the CO<sub>2</sub> emissions generated from air travel and 100% of CO<sub>2</sub> emissions generated from hotel services were offset. The offsetting was provided by GreenSeat for CO<sub>2</sub> and also for the other greenhouse effect gases (using RFI factor 2). Participants were offered an option to offset their emissions for a nominal fee of 15 EUR. For the 2008 conference emissions will be offset in 100% of cases as participants will not be offered a possibility the choice of offsetting or not offsetting. All CO<sub>2</sub> credits used by GreenSeat are VERs: Verified Emission Reduction Units. These credits have been verified by an independent organization to ensure that the climate effect of the project is real and in accordance with guidelines. All credits used for compensation by GreenSeat are registered by the Triodos Bank Climate Clearing House. To learn more about the offsetting project implemented by GreenSeat, please see [www.greenseat.com](http://www.greenseat.com).



- There are no calculations for environmental impacts resulting from the disposal of GRI products such as printed publications.
- The GRI Secretariat does not have any policy to capture emitted CO<sub>2</sub> or reduce CO<sub>2</sub> emissions related to its products and services.

### EN28 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

- GRI has not identified any incident of non-compliance with any environmental laws or regulations.

### Aspect: Transport

### EN29 - Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce

	2006/2007	2005/2006	2004/2005
<b>CO<sub>2</sub> from Business travel in tons<sup>1</sup></b>	313.24	271.73	264.68
<b>Criteria and methodology used to determine which environmental impacts are significant<sup>2</sup></b>	According to GHG Protocol Initiative, 2 ways of CO <sub>2</sub> generation in GRI are identified: CO <sub>2</sub> from purchased energy (1) and CO <sub>2</sub> from travel (2). Comparing them, travel is quantitatively significant (as data for electricity consumption for the of second half of the year is not available, it is estimated to be about <b>83%</b> )	According to GHG Protocol Initiative, 2 ways of CO <sub>2</sub> generation in GRI are identified: CO <sub>2</sub> from purchased energy (1) and CO <sub>2</sub> from travel (2). Comparing them, travel is quantitatively significant (more than <b>82%</b> of all emissions generated)	According to GHG Protocol Initiative, 2 ways of CO <sub>2</sub> generation in GRI are identified: CO <sub>2</sub> from purchased energy (1) and CO <sub>2</sub> from travel (2). Comparing them, travel is quantitatively significant (more than <b>82%</b> of all emissions generated)

<sup>1</sup> Travel by Secretariat, working group members, Board of Directors, Stakeholder Council, and Technical Advisory Committee.

<sup>2</sup> Due to the lack of information about the CO<sub>2</sub> generated from energy used to heat the office, only electricity and travel are considered in these calculations.

- This indicator relates to the operations of the GRI Secretariat and governance bodies rather than GRI's products and services.
- Travel by staff, working group participants and governance body members is perceived to be part of GRI's operations, as travel is necessary to achieve the GRI goals. GRI travel creates the most significant impacts.
- There is no policy to offset carbon emissions resulting from travel by the GRI Secretariat, working group members, Board of Directors, Stakeholder Council, and Technical Advisory Committee.
- The GRI G3 Guidelines are distributed electronically as downloads from the GRI portal and as hard copies delivered by international mail services to customers. Learning Publications are only available in hard copy delivered by international mail services.

- With a growing list of publications on offer, emissions related to mailing publications could become a significant issue for GRI. No system is currently in place to track emissions related to the mailing of publications.
- No system is currently in place to track emissions related to transportation of office materials to the GRI Secretariat's office or for raw material for production of printed publications.



## Disclosure of Management Approach Social Performance Indicators

### GOALS AND PERFORMANCE

Part of the social goal for the period was to develop and implement the economic, environmental and social procurement policy for procurement. GRI does not yet have a formal social procurement policy. It is a goal for the next reporting period.

The processes and code of conduct for resolving complaints, grievances, discrimination and diversity issues are not documented, which gives rise to a risk of non-standard approaches. Drafts of policies related to these issues for the Secretariat have been produced and are under discussion. Approval of policies related to these topics is also a goal for the next reporting period.

### POLICY

Related to GRI's Secretariat activities, two policies are under preparation: Diversity and Harassment Policies. Other policies under revision are: Overtime, Time, Compensation, Performance Review, Career Path Policies. GRI's policy related to clients is available on the website.

The GRI Secretariat has in practice aimed to improve diversity and progress has been made at all levels of staff. GRI also has a practice to recruit people for their language skills, which means that GRI recruits people from different backgrounds.

The Stakeholder Council and Board of Directors are also discussing the elaboration of a formal Code of Conduct for their members.

### *Organizational Responsibility*

The Operations department of the GRI Secretariat is responsible for policy development and following up the implementation of internal procedures. GRI has been through internal re-structuring and the Operations department has been reinforced to face these and other operational challenges.

### *Training and Awareness*

GRI's ability to invest in a more structured approach to training is reviewed annually as part of the budget process.

Health and Safety issues are the responsibility of the HR and Operations Manager within the Operations department. Two employees with training and experience in first aid and emergency treatment completed a formal re-certification course in September 2007, as their previous certifications expired during the reporting period. No training needs on other Social Performance issues were identified as needed in the reporting period.

A Risk and Inventorization assessment was carried out by the ARBO Dienst (official Netherlands organization for monitoring working conditions) in 2006 and recommended actions were implemented in the course of 2007.

### *Monitoring and Follow-up*

The main policy implementation to be followed up in the next period will be to develop criteria for procurement. The approval and revision of the policies mentioned above will also be GRI's Secretariat target, as well as their implementation.

**Labor Practices and Decent Work, Human Rights, Product Responsibility**

No main issues have been identified.

**Additional Context Information**

GRI seeks to provide a positive and stimulating work environment at the Secretariat. Employee terms and conditions are set out in a Contract of Employment and the Personnel Manual. In addition to the Personnel Manual a supplementary Employee Benefits Schedule reflects the taxable impacts.

Because of its increasing activities the GRI Secretariat staff experiences long periods of work overload. This has been a permanent challenge for the management of the teams.

**Aspect: LA Employment<sup>1</sup>**

**Employment Benefits**

By offering their staff attractive employment benefits, GRI hopes to achieve decent working conditions and equal opportunities for a diverse group of employees.

- GRI offers 6% pension contribution on top of the gross annual salary, paid in twelve equal installments.
- GRI offers a collective health insurance package for all their employees. By doing so, GRI has been able to reduce the monthly premium considerably compared to individual arranged health insurance coverage. GRI reimburses all employees with 50% of the costs for the standard health insurance premium. Any selected additional insurance is at own cost and at each employee's own discretion dependent on medical history.
- Public transport costs for commuting are reimbursed up to a maximum of 130 EUR/month.
- Employees can be compensated in time for overtime based on management approval, in line with set regulations.
- Care time: GRI will pay 100% of the net salary to a maximum of 2 x the contractual hours per week per calendar year. Any time needed thereafter will be taken as unpaid leave.
- There are special benefits for those staff members with GRI expatriate status. All eligible expenses are determined by the list set out by the Dutch tax authorities. Some examples are:
  - In case of relocation, GRI reimburses staff up to 10,000 EUR each way.
  - Expatriates receive a housing allowance. A 1-2 member household receives 900 EUR/month; a 3-4 member household receives 1.200 EUR /month; and a 5+ member household receives 1.500 EUR/month.
  - For expatriate's children there is an education allowance of up to 10.000 EUR/child/year for primary or secondary school.
  - One home leave ticket/year is available for all members of the family.

<sup>1</sup> General management approach information on the following topics is provided in the previous paragraphs: labor/management relations; occupational health and safety; training and education; and diversity and equal opportunities. The indicators related to these topics represent a smaller part of the social performance indicators considered material.

**LA1 - Total workforce by employment type, employment contract, and region**

- Since the total GRI workforce (the GRI Secretariat), is based in Amsterdam, GRI has only considered one region of operation.

Employment type	30 June 2007	30 June 2006	30 June 2005
Full-time	26	19	11
Part-time	6	7	11
TOTAL	32	26	22

Contract type	30 June 2007	30 June 2006	30 June 2005
Indefinite	19	15	10
Definite	7	5	8
Secondment	0	1	0
Internships	4	2	3
Volunteers	2	3	1
TOTAL	32	26	22

Geographic Representation	30 June 2007	30 June 2006	30 June 2005
Europe	25	19	16
Asia	1	1	1
North America	3	4	4
South America	2	1	1
Africa	1	0	0
Australia and Oceania	0	1	0
TOTAL	32	26	22

**LA2 - Total number and rate of employee turnover by age group, gender, and region**

- Turnover data is provided according to the employee turnover during the whole reporting period. Also, the rates are provided taking into account the number of employees throughout the entire year, not just to 30 June.
- Interns and volunteers are not considered due to the temporary nature of their contracts.

**Employee turnover****1. Total**

Employee turnover <sup>1</sup>	2006/2007	2005/2006	2004/2005
Turnover in #	6	5	4
Turnover in %	16	16	18

<sup>1</sup> Rates are provided taking into consideration the number of employees for the whole year, not just to 30 June.

## 2. Age groups

Employee turnover <sup>1</sup>	2006/2007	2005/2006	2004/2005
# Age Group <30	1	3	0
#Age Group 30-50	4	2	3
# Age Group >50	1	0	1

## 3. Gender

Employee turnover <sup>1</sup>	2006/2007	2005/2006	2004/2005
# Male	3	0	2
#Female	3	5	2

<sup>1</sup> Rates are provided taking into consideration the number of employees for the whole year, not just to 30 June

## 4. Region

Employee turnover <sup>1</sup>	2006/2007	2005/2006	2004/2005
Europe	4	3	1
Asia	0	0	1
North America	1	1	1
South America	0	0	0
Africa	0	0	0
Australia and Oceania	1	1	1
TOTAL	6	5	4

<sup>1</sup> Data represents the nationality of employees

## LA5 - Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements

- Labor contracts have a minimum notice period (by law) of 1 month for the employee and 1 month for the employer.
- The maximum notice periods (by law) are 3 months for the employee and 6 months for the employer.
- By law, a notice period is not required for definite contracts. However, out of *Good Working Conditions* (in Dutch 'Goed Werkgeverschap'), the GRI always considers possible extension of a definite contract minimum two months prior to the expiration date. (Performance based review).

Principles included:

- Deed of Incorporation, Article 23.1: The Chief Executive makes management decisions related to the efficient and effective implementation of the Board's technical and strategic work plans.
- Employee Handbook, Article 1.2: Change is constant. We expect our employees to show flexibility and willingness to adapt. The GRI Secretariat did not undergo a full restructuring process during the reporting period, but smaller changes were made that affected reporting lines or individuals' tasks. The procedure for this was as follows:
  - Overall strategy discussed with the Board's Executive Committee, the Chair and Secretariat Management Team.
  - Parameters for the implementation of the strategy were discussed by the GRI Secretariat's Management Team.



- The resulting implications for individuals were discussed between the Chief Executive, HR Manager and Senior Manager – and in consultation with the Chair of the Board who maintained an oversight role in this process.
- Any staff directly affected by changes were consulted directly by the Chief Executive, HR Manager and/or Senior Manager, and line manager. Implications for their day-to-day tasks and reporting were discussed and agreed upon. The GRI Secretariat staff were then informed in writing.

### **LA7 - Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region**

	2006/2007	2005/2006	2004/2005
Injury rate (IR)	1	0	0
Occupational diseases rate (ODR)	0	0	0
Lost day rate (LDR)	1	0	0
Absentee rate (AR) <sup>1</sup>	92 days (0.65%) <sup>4</sup>	176.6 days (3%) <sup>3</sup>	101 days (2.1%) <sup>2</sup>

<sup>1</sup> Absentee rate includes extended leaves of absence taken by three staff members for medical reasons

<sup>2</sup> Netherlands national average was 4.6% in 2004. (Source: CBS)

<sup>3</sup> Netherlands national average was 4.0% in 2005. (Source: CBS)

<sup>4</sup> Netherlands national average was 5.11% in 2006. (Source: CBS)

- Minor (first-aid level) injuries are included in data.
- 'Days' means 'scheduled work days' not 'calendar days'.
- 'Lost days' count begins the day after the accident.
- Dutch law is applied for recording and reporting accident statistics.

### **LA8 - Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases**

- Education, training, counseling with regards to serious diseases are all included in the health package and provided by the government. Labor law provides employees with Care Time (in Dutch: zorgverlof) which constitutes 2 x labor contractual hours per calendar year. The GRI Secretariat has no extra programs in place.
- Every person living in the Netherlands is obliged to have standard medical insurance. All GRI employees are able to enter/continue the medical insurance of their choice or join the GRI's Secretariat group contract with the health insurance provider CZ. The level of coverage is left to the discretion of the employee.

**LA10 - Average hours of training per year per employee by employee category**

External professional training for staff members has not been offered.

**LA12 - Percentage of employees receiving regular performance and career development reviews**

LA12	30 June 2007	30 June 2006	30 June 2005
Number of employees	32	26	22
Percentage of employees who received a formal performance appraisal and review	100%	100%	100%

- The creation and/or review of an employee’s job description will be done on an annual basis and it will cover the sections following:
  - Place/position in the organization
  - Purpose of their function
  - Most important responsibilities and tasks
  - Core competencies required for the position
  - Contacts (internal/external)
- The overall performance rating of each employee is based on what and how the employee delivers against his/her personal objectives. To ensure a fair assessment of the employee’s performance, it is key that the personal objectives are SMART\*ly defined and that there is also clarity and common understanding of the Secretariat shared values and competencies. An understanding of the employee’s objectives will be agreed between the employee and his/her line manager, after which it will be summarized in writing and shared with the HR Manager.

\* Specific, Measurable, Ambitious/Achievable, Realistic, Time-bound

**Aspect: Diversity and Equal Opportunity**

**LA13 - Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity**

- Stakeholder Council and Board of Directors membership is based on the calendar year but not the fiscal year, therefore 2005 gives results for 2004/2005.
- There were no changes to the TAC committee during the reporting period (2005-2007).



## 1. Gender

### 1.1 Employees Gender:

Position	30 June 2007					30 June 2006					30 June 2005				
	Total	Female		Male		Total	Female		Male		Total	Female		Male	
	#	#	%	#	%	#	#	%	#	%	#	#	%	#	%
Chief Executive	1	0	0 %	1	100 %	1	0	0 %	1	100 %	1	0	0 %	1	100 %
Chief Operations Officer	1	0	0 %	1	100 %	1	0	0 %	1	100 %	-	-	-	-	-
Director	5	3	60 %	2	40 %	4	2	50 %	2	50 %	5	2	40 %	3	60 %
Project Manager	6	5	83.3 %	1	16.7 %	5	3	60 %	2	40 %	3	3	100 %	0	0 %
Project Coordinator	6	4	66.7 %	2	33.3 %	4	2	50 %	2	50 %	3	3	100 %	0	0 %
Administrator Researcher	7	5	71.4 %	2	28.6 %	6	4	66.7 %	2	33.3 %	5	3	60 %	2	40 %
Intern	4	3	75 %	1	25 %	2	2	100 %	0	0 %	4	4	100 %	0	0 %
Volunteer	2	2	100 %	0	0 %	3	2	66.7 %	1	33.3 %	1	1	100 %	0	0 %
<b>Total</b>	<b>32</b>	<b>22</b>		<b>10</b>		<b>26</b>	<b>15</b>		<b>11</b>		<b>22</b>	<b>16</b>		<b>6</b>	

Categories	30 June 2007	30 June 2006	30 June 2005
Number of male employees	10	11	6
Percentage of male employees	31%	42%	27%
Number of female employees	22	15	16
Percentage of female employees	69%	58%	73%

### 1.2 Governance Bodies Gender:

Governance body	30 June 2007		30 June 2006		30 June 2005	
	Male	Female	Male	Female	Male	Female
Board of Directors	11 (85%)	2 (15%)	10 (83%)	2 (17%)	10 (67%)	5 (33%)
Stakeholder Council	22 (47%)	25 (53%)	21 (46%)	25 (54%)	24 (53%)	21 (47%)
Technical Advisory Committee	8 (80%)	2 (20%)	8 (80%)	2 (20%)	8 (80%)	2 (20%)

## 2. Age

### 2.1 Employees

Age group <sup>1</sup>	30 June 2007	30 June 2006	30 June 2005
# of employees in age group 15-25	4	3	4
% of employees in age group 15-25	13	12	18
# of employees in age group 26-35	16	12	9
% of employees in age group 26-35	50	46	41
# of employees in age group 36-45	9	7	4
% of employees in age group 36-45	28	27	18
# of employees in age group 46-55	3	4	5
% of employees in age group 46-55	9	15	23
# of employees in age group 56-65	0	0	0
% of employees in age group 56-65	0	0	0

### 2.2 Governance bodies

There is no data available on the age of members of governance bodies.

## 3. Geographic representation

### 3.1 Employees

Geographic Representation <sup>1</sup>	30 June 2007	30 June 2006	30 June 2005
Europe	25	19	16
Asia	1	1	1
North America	3	4	4
South America	2	1	1
Africa	1	0	0
Australia and Oceania	0	1	0
TOTAL	32	26	22

<sup>1</sup> The criterion nationality of employees is used for geographic representation

### 3.2 Governance Bodies

Governance Bodies <sup>1</sup>	2006/2007			2005/2006			2004/2005		
	BoD	SC	TAC	BoD	SC	TAC	BoD	SC	TAC
Europe	7	9	5	7	12	5	7	13	5
Asia	1	11	2	3	11	1	3	11	0
North America	1	12	1	2	12	1	2	11	1
South America	1	5	0	1	5	0	1	5	0
Africa	2	4	1	1	1	1	1	1	1
Australia and Oceania	1	5	1	1	5	1	1	4	1
<b>Total</b>	<b>13</b>	<b>46</b>	<b>10</b>	<b>15</b>	<b>46</b>	<b>9</b>	<b>15</b>	<b>45</b>	<b>8</b>

<sup>1</sup> BoD – Board of Directors, SC – Stakeholder Council, TAC – Technical Advisory Committee



#### **LA14 - Ratio of basic salary of men to women by employee category**

- There is no difference between the basic salary for men and women in any employee category.

#### **HR2 - Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken**

- The GRI Secretariat did not take into account the Human Rights practices of suppliers in the selection process.

#### **HR4 - Total number of incidents of discrimination and actions taken**

- No incidents were reported.
- A diversity policy is currently being drafted. The GRI Secretariat complies with Dutch law, stating that discrimination (amongst other things) is not allowed.

#### **SO1<sup>1</sup> - Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting**

- Part of GRI's mission is to promote the practice of measurement and reporting, including that related to the impacts of business activities on communities. GRI does not know how much the reporting practice helps to set "SO1 policies", but GRI believes that the GRI Reporting Framework makes a positive contribution.
- There are no GRI Secretariat programs in place for assessing the impacts of operations on "local communities".
- GRI Secretariat activities in the City of Amsterdam have a local impact due to the services generated by them and increasing the profile of sustainability awareness in the city.

#### **SO3 - Percentage of employees trained in the organization's anti-corruption policies and procedures**

- No training was provided to management and non-management staff regarding anti-corruption policies and procedures.
- There are no written policies and procedures in place related to anti-corruption.
- Gifts received during official representation activities are not to be kept for personal use.

#### **SO5 - Public policy positions and participation in public policy development and lobbying**

- GRI staff members and GRI governance body representatives held consultations with European Commission officials, members of the European Parliament and government officials from several national governments and/or parliaments, such as the Netherlands, Chile, Australia, Norway, Spain, and Sweden, and informed them about GRI's mission.
- GRI and other organizations collaborated with UNEP DTIE on the organization of a conference in May 2005 in Paris on government policy in the field of sustainability reporting. Government officials from 25 countries were present at the conference. The basis of the conference was research by KPMG South Africa, commissioned by UNEP. The study made a full inventory of different governments' policy and measures in the field of sustainability reporting. The resulting report, "CARROTS AND STICKS FOR STARTERS -

<sup>1</sup> This indicator was selected by stakeholders consulted in the process and identified as material during the materiality test. The reporting exercise showed that this indicator might not be a priority in the future.

Current trends and approaches in Voluntary and Mandatory Standards for Sustainability Reporting”, was launched by UNEP and KPMG at the GRI conference in 2006.

- At the OECD’s request, GRI has participated in several forums around the OECD-led process on Guidelines for Multinational Enterprises.

**S08 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations**

- The GRI Secretariat was not fined during the reporting period.

**PR8 - Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data**

- The GRI Secretariat has not identified any substantiated complaints regarding breaches of customer privacy and loss of customer data.
- A privacy policy for customers is in place and displayed prominently on all website pages.
- The GRI Secretariat has identified mistakes in the process to remove subscribers from the mailing list. The Secretariat will work to improve this.



# GRI Content Index

Strategy and Profile Disclosures	Covered	Page
<b>1.1</b>	+	8
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<b>2.1</b>	+	11
<b>2.2</b>	+	11
<b>2.3</b>	+	15
<b>2.4</b>	+	15
<b>2.5</b>	+	15
<b>2.6</b>	+	16
<b>2.7</b>	+	16
<b>2.8</b>	+	17
<b>2.9</b>	+	19
<b>2.10</b>	+	19
<b>3.1</b>	+	21
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<b>3.9</b>	+	26
<b>3.10</b>	+	26
<b>3.11</b>	+	26
<b>3.12</b>	+	27
<b>3.13</b>	+	27
<b>4.1</b>	+	29
<b>4.2</b>	+	31
<b>4.3</b>	+	31
<b>4.4</b>	+	31
<b>4.5</b>	+	32
<b>4.6</b>	+	32
<b>4.7</b>	+	33
<b>4.8</b>	+	33
<b>4.9</b>	+	34
<b>4.10</b>	+	34
<b>4.11</b>	+	34
<b>4.12</b>	+	35
<b>4.13</b>	+	35
<b>4.14</b>	+	35
<b>4.15</b>	+	36
<b>4.16</b>	+	36
<b>4.17</b>	+	37

Management Approach Disclosures	Covered	Page
<b>Economic</b>	+	39
<b>Environmental</b>	+	45
<b>Social</b>	+	54

Performance Indicators		Covered	Page	Reasons for omission
<b>Aspect: Economic Performance</b>				
<b>EC1</b> Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Core	+	40	
<b>EC2</b> Financial implications and other risks and opportunities for the organization's activities due to climate change.	Core	-	-	*No significant financial implications were identified.
<b>EC3</b> Coverage of the organization's defined benefit plan obligations.	Core	+	42	
<b>EC4</b> Significant financial assistance received from government.	Core	+	42	

<b>Aspect: Market Presence</b>				
<b>EC6</b> Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Core	+	43	
<b>EC7</b> Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Core	+	44	

<b>Aspect: Indirect Economic Impacts</b>				
<b>EC8</b> Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Core	-	-	*This indicator is intended for major public infrastructure that can have a noticeable economic or community impact. GRI is not involved in the provision of this type of infrastructure.

<b>Aspect: Materials</b>				
<b>EN1</b> Materials used by weight or volume.	Core	-	-	*As a small office, GRI did not consider the weight and volume of used materials as generating significant environmental impact.
<b>EN2</b> Percentage of materials used that are recycled input materials.	Core	+	47	

<b>Aspect: Energy</b>				
<b>EN3</b> Direct energy consumption by primary energy source.	Core	-	-	*GRI does not use primary energy sources.
<b>EN4</b> Indirect energy consumption by primary source.	Core	+	48	

\* If any of the 9 questions of the materiality test was positive, the indicator was selected during the reporting process. This was not the case for this indicator and it was also not suggested for inclusion after applying the Sustainability Context Principle and the Completeness Principle.



Aspect: Water				
<b>EN8</b> Total water withdrawal by source.	Core	-	-	*As a small office, water source is a public service and the total volume withdrawn does not represent significant environmental impact.

Aspect: Biodiversity				
<b>EN11</b> Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Core	-	-	*GRI owns no land.
<b>EN12</b> Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Core	-	-	*GRI's activities do not impact directly protected areas of biodiversity.

Aspect: Emissions, Effluents, and Waste				
<b>EN16</b> Total direct and indirect greenhouse gas emissions by weight.	Core	+	49	
<b>EN17</b> Other relevant indirect greenhouse gas emissions by weight.	Core	+	49	
<b>EN18</b> Initiatives to reduce greenhouse gas emissions and reductions achieved.	Additional	+	50	
<b>EN19</b> Emissions of ozone-depleting substances by weight.	Core	-	-	*GRI's activities do not contribute to such emissions.
<b>EN20</b> NOx, SOx, and other significant air emissions by type and weight.	Core	-	-	*No emissions of regulated pollutants
<b>EN21</b> Total water discharge by quality and destination.	Core	-	-	*Only water discharge comes from household facilities. No significant volume.
<b>EN22</b> Total weight of waste by type and disposal method.	Core	-	-	*Volumes do not represent significant impact.
<b>EN23</b> Total number and volume of significant spills.	Core	-	-	*GRI does not have chemicals or other hazardous liquid items.

Aspect: Products and Services				
<b>EN26</b> Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Core	+	51	
<b>EN27</b> Percentage of products sold and their packaging materials that are reclaimed by category.	Core	-	-	*GRI's products do not have packaging materials.

Aspect: Compliance				
<b>EN28</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Core	+	52	

\* If any of the 9 questions of the materiality test was positive, the indicator was selected during the reporting process. This was not the case for this indicator and it was also not suggested for inclusion after applying the Sustainability Context Principle and the Completeness Principle.

<b>Aspect: Transport</b>				
<b>EN29</b> Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Additional	+	52	

<b>Aspect: Employment</b>				
<b>LA1</b> Total workforce by employment type, employment contract, and region.	Core	+	56	
<b>LA2</b> Total number and rate of employee turnover by age group, gender, and region.	Core	+	56	

<b>Aspect: Labor/Management Relations</b>				
<b>LA4</b> Percentage of employees covered by collective bargaining agreements	Core	-	-	As a small administrative operation, GRI's Secretariat staff members are covered by regular Dutch labor regulations. No collective agreements apply.
<b>LA 5</b> Minimum of notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Core	+	57	

<b>Aspect: Occupational Health and Safety</b>				
<b>LA7</b> Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	Core	+	58	
<b>LA8</b> Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Core	+	58	

<b>Aspect: Training and Education</b>				
<b>LA10:</b> Average hours of training per year per employee category.	Core	+	59	
<b>LA12:</b> Percentage of employees receiving regular performance and career development reviews	Additional	+	59	

<b>Aspect: Diversity and Equal Opportunity</b>				
<b>LA13:</b> Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Core	+	59	
<b>LA14:</b> Ratio of basic salary of men to women by employee category	Core	+	62	

\* If any of the 9 questions of the materiality test was positive, the indicator was selected during the reporting process. This was not the case for this indicator and it was also not suggested for inclusion after applying the Sustainability Context Principle and the Completeness Principle.



<b>Aspect: Investment and Procurement Practices</b>				
<b>HR1</b> Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Core	-	-	*GRI does not make investments.
<b>HR2</b> Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Core	+	62	

<b>Aspect: Non-discrimination</b>				
<b>HR4</b> Total number of incidents of discrimination and actions taken.	Core	+	62	

<b>Aspect: Freedom of Association and Collective Bargaining</b>				
<b>HR5</b> Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Core	-	-	*The size and type of GRI’s operations do not support collective bargaining.

<b>Aspect: Child Labor</b>				
<b>HR6</b> Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Core	-	-	*GRI’s operations do not involve or include operations that could involve child labor.

<b>Aspect: Forced and Compulsory Labor</b>				
<b>HR7</b> Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	Core	-	-	*No risk identified given GRI’s operations.

<b>Aspect: Community</b>				
<b>SO1</b> Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Core	+	62	*,**This indicator has been identified as material during the Materiality check. But reporting exercise showed that this indicator is not applicable to the GRI being an office based organization.

<b>Aspect: Corruption</b>				
<b>SO2</b> Percentage and total number of business units analyzed for risks related to corruption.	Core	-	-	*Given the size and type of GRI’s activities, it is not likely to be confronted with bribery.
<b>SO3</b> Percentage of employees trained in organization’s anti-corruption policies and procedures.	Core	+	62	
<b>SO4</b> Actions taken in response to incidents of corruption.	Core	-	-	*GRI’s operation did not identify any incidents of corruption.

\* If any of the 9 questions of the materiality test was positive, the indicator was selected during the reporting process. This was not the case for this indicator and it was also not suggested for inclusion after applying the Sustainability Context Principle and the Completeness Principle.  
 \*\* GRI considered this comment necessary even after deciding to report on SO1.

<b>Aspect: Public Policy</b>				
<b>S05</b> Public policy positions and participation in public policy development and lobbying.	Core	+	62	
<b>Aspect: Compliance</b>				
<b>S08</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Core	+	63	
<b>Aspect: Customer Health and Safety</b>				
<b>PR1</b> Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Core	-	-	*No products or services of GRI are subject to such procedures.
<b>Aspect: Product and Service Labeling</b>				
<b>PR3</b> Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Core	-	-	*GRI's products and services do not require labeled information.
<b>Aspect: Marketing Communications</b>				
<b>PR6</b> Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Core	-	-	*GRI does not develop marketing communications activities.
<b>Aspect: Customer Privacy</b>				
<b>PR8</b> Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Additional	+	63	
<b>Aspect: Compliance</b>				
<b>PR9</b> Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Core	-	-	*Does not apply to GRI's products.


**Key:**

- + = covered
- = not covered

\* If any of the 9 questions of the materiality test was positive, the indicator was selected during the reporting process. This was not the case for this indicator and it was also not suggested for inclusion after applying the Sustainability Context Principle and the Completeness Principle.

# Application Level Grid

## Report Application Levels

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared			Report Externally Assured		Report Externally Assured		Report Externally Assured
	Third Party Checked			Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	GRI Checked			Report Externally Assured		Report Externally Assured		Report Externally Assured

## ANNEX I

### **Extract from Annual Accounts**

**Stichting Global Reporting Initiative,  
Amsterdam**

**1 July 2006 – 30 June 2007  
and prior year comparative**



## INCOME AND EXPENDITURE FOR THE YEAR

All amounts are stated in Euros.

	2006/2007		2005/2006	
	€		€	
<b>Income</b>				
OS income	847,932	20.6%	842,139	34.1%
Unrestricted donations	0	0.0%	229,463	9.3%
Conference	1,727,177	42.0%	0	0.0%
Program income	1,065,692	25.9%	1,162,725	47.2%
Restricted non-program	282,429	6.9%	130,671	5.3%
Other	189,181	4.6%	102,303	4.1%
<b>Total income</b>	<b>4,112,411</b>	<b>100.0%</b>	<b>2,467,301</b>	<b>100.0%</b>
<b>Operating expenses</b>				
Personnel costs	1,458,395	35.5%	1,207,326	48.9%
Social security	122,228	3.0%	78,816	3.2%
Depreciations	179,121	4.4%	47,484	1.9%
Office expenses	241,531	5.9%	210,209	8.5%
Operational expenses	274,011	6.7%	141,633	5.7%
Programmatic costs (incl. conf)	1,501,298	36.5%	526,203	21.3%
General expenses	182,728	4.4%	101,637	4.1%
<b>Total operating expenses</b>	<b>3,959,312</b>	<b>96.3%</b>	<b>2,313,308</b>	<b>93.8%</b>
<b>Operating surplus/(deficit)</b>	<b>153,099</b>	<b>3.7%</b>	<b>153,993</b>	<b>6.2%</b>
Income from interest	14,727	0.4%	4,661	0.2%
Exchange rate gains and losses	(4,496)	-0.1%	(1,674)	-0.1%
Other financial charges	2,220	0.0%	(5,236)	-0.2%
<b>Ordinary surplus/(deficit) before taxes</b>	<b>165,550</b>	<b>4.0%</b>	<b>151,744</b>	<b>6.1%</b>
Taxation	0	0.0%	0	0.0%
<b>Ordinary surplus/(deficit) after taxes</b>	<b>165,550</b>	<b>4.0%</b>	<b>151,744</b>	<b>6.2%</b>
<b>Surplus/(deficit) for the year</b>	<b>165,550</b>	<b>4.0%</b>	<b>151,744</b>	<b>6.2%</b>

## BALANCE SHEET

All amounts are stated in Euros.

	30 June 2007		30 June 2006	
	€	%	€	%
<b>Fixed assets</b>				
Incorporation costs	0	0.0%	0	0.0%
Furniture and IT costs	390,853	17.7%	504,987	21.0%
<b>Current assets</b>				
Receivables	1,082,389	49.2%	849,903	35.3%
Cash	728,631	33.1%	1,052,629	43.7%
<b>Total</b>	<b>2,201,873</b>	<b>100.00%</b>	<b>2,407,519</b>	<b>100.00%</b>
<b>Reserve Account</b>	81,973	3.7%	(83,577)	(3.5)%
<b>Long-term liabilities</b>	272,599	12.4%	423,698	17.6%
<b>Short-term liabilities</b>	1,847,301	83.9%	2,067,398	85.9%
<b>Total</b>	<b>2,201,873</b>	<b>100.00%</b>	<b>2,407,519</b>	<b>100.00%</b>

**MOORE STEPHENS MSN BV**

ACCOUNTANTS AND TAX LAWYERS

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To: the Board of Directors of  
Stichting Global Reporting Initiative

**AUDITOR'S REPORT****Report on the financial statements**

We have audited the accompanying financial statements for the year ended 30 June 2007 of Stichting Global Reporting Initiative, Amsterdam, which comprise the balance sheet as at 30 June 2007, the profit and loss account for the year then ended and the notes.

*Management's responsibility*

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code (or the applicable legislation and/ or standards). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Offices in  
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Amsterdam Schiphol Z.O.,  
Mijnster,  
Rijswijk

Handelsregister Amsterdam  
no. 33239928

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ACCOUNTANTS AND TAX LAWYERS

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Global Reporting Initiative as at 30 June 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rozenburg, 4 December 2007

**MOORE STEPHENS MSN BV**

Edwin P.H. van Ravenswoud  
Registeraccountant



## ANNEX II

### **Conflict of Interest Policy and Statement**

## “Conflict of Interest Policy and Statement

In general, GRI does not engage Directors in the capacity of paid consultants. However, an exception to this policy will be considered when such a contractual agreement is deemed to be in the best economic or programmatic interest of the organization. If such a case were to arise, GRI would implement the following process:

- the Chief Executive will prepare a memorandum specifying the reasons why GRI should engage the Director as a consultant;
- the Board of Directors will review this memorandum at the next scheduled Board meeting or special meeting; and
- the Director involved will recuse her/himself from the Board’s discussion of the memorandum.

This process is designed to encourage transparency rather than constrain daily or timely operations. Therefore, if a situation arises in which the Chief Executive needs to act expeditiously, the Chief Executive would seek input from the Executive Committee and then proceed. Subsequently, and in the spirit of full disclosure, the Chief Executive would report these special circumstances to the Board.

All directors are asked to sign the Conflict of Interest Statement, which can be found in the appendix. This signed statement must be submitted annually at the first meeting.

### Purpose

The purpose of the conflict of interest policy is to protect the GRI’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director of the GRI. This policy is intended to supplement but not replace any applicable laws governing conflicts of interest applicable to non-profit and charitable associations.

### Definitions

#### 1. Interested Person

Any director who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity of which the GRI is a part, he or she is an interested person with respect to all such entities.

#### 2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- an ownership or investment interest in any entity with which the GRI has a transaction or arrangement, or
- a compensation arrangement with the GRI or with any entity or individual with which the GRI has a transaction or arrangement, or
- a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the GRI is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favours that are substantial in nature.



## Procedures

### 1. Duty to Disclose

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the Board and members of committees considering the proposed transaction or arrangement.

### 2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest, the interested person shall leave the Board or committee meeting while the financial interest is discussed. The remaining Board or committee members shall decide if a conflict of interest exists.

### 3. Procedures for Addressing the Conflict of Interest

- a. The chairperson of the Board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After exercising due diligence, the Board or committee shall determine whether the GRI can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by consensus of the disinterested directors whether the transaction or arrangement is in the GRI's best interest and for its own benefit and whether the transaction is fair and reasonable to the GRI and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

### 4. Violations of the Conflict of Interest Policy

- a. If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## Records or Proceedings

The minutes of the Board and all committees shall contain –

- a. the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.
- b. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

**Annual Statements**

Each director shall annually sign the statement below:

**Conflict of Interest Statement**

I have read and am familiar with GRI's policy concerning conflicts of interests, and I have initialled the appropriate paragraph below.

- During the year \_\_\_\_\_ neither I nor, to the best of my knowledge, any member of my family has had an interest or taken any action which could contravene this policy.
- During the year \_\_\_\_\_ neither I nor, to the best of my knowledge, any member of my family has had any interest in or taken any action which would contravene this policy, except such interest or action which is fully disclosed below:

Board Member's signature

Date

Board Member's name"



## Comments from External Experts

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Three experts accepted the invitation to give their comments on the final version of the GRI Sustainability Report July 2004 – June 2007. Their comments were not taken into consideration for changes of the final text.

They received the following instructions by e-mail on how to present their comments. Below is a copy of this e-mail.

“CONFIDENTIAL

Dear Jennifer Iansen-Rogers / Constance Kane / Winston Gereluk,

Thank you very much for accepting the invitation to comment on the final version of the GRI Sustainability Report July 2004 – June 2007.

You are receiving it attached in this email.

Here are some instructions:

A.

We would like you to divide your comments in 4 parts:

1. general comments on the whole report
2. best sections of the report and your reasons for this choice
3. worst/unclear sections of the report and your reasons for this choice
4. recommendations for the next reporting period

B.

We would appreciate if you can do it in around 1200 words. We will publish your comments completely unchanged. If you need to write a larger text, we will accept it. If there are parts of your comments you do not want to have published, please mark it in “yellow”.

C.

The deadline is December 21st 2007 - 12am, Amsterdam time. The comments will be inserted in the original, the pdf produced and the report will be published on the website. I expect to receive your comments in a “word file” per email to my email address arbex@globalreporting.org.

D.

Please include personal information in the top of your word file.

NAME: (your name as you want to publish it in the report)

CURRENT POSITION: (the way you want to be referred as expert)

E.

The pdf you are receiving here, as well as your comments, is CONFIDENTIAL until December 24th 2007, 6 pm Amsterdam time.

We expect you to respect the confidentiality condition. You can not make copies of it or share it with any other person, through printed or electronic copies, before this date.

Let me know if you have any questions.

Thank you again.

My best Regards,

Nelmara Arbex"

The experts were also informed, upon request, that "The document you will receive, including your and other comments, will be published for download on the website. GRI will also make summaries of the document and will create a "web-based" version of it."



*Jennifer Iansen-Rogers  
Senior Manager, KPMG Global Sustainability Services  
Non-executive director, AccountAbility, U.K.*

I have been invited to comment on GRI's Sustainability Report 2004-2007 based on a final draft pdf version. My comments do not constitute assurance and as I am providing them in a voluntary capacity they represent my own personal views and do not necessarily represent those of my employer. While reading the report and preparing my comments, I have taken into account:

- the GRI G3 Guidelines;
- the GRI handbook for small and not-so-small organisations;
- the commitments in the previous GRI Report (full version);
- the recommendations of the Review Group for the last report, of which I was a member.

As requested by GRI, I have divided my comments into 4 sections:

### **1. General comments on the whole report**

The report clearly demonstrates GRI's commitment to reporting according to G3 and it is immediately apparent that a lot of hard work has gone into preparing it. As the report follows the structure of the G3 reporting requirements, the Standard Disclosures, the Disclosures on Management Approach and the reported indicators are all easy to locate. While this approach ensures technical alignment with the G3 Guidelines I feel the result is intrinsically less interesting and readable. Whilst this structure may be necessary to ensure the proper functioning of a web-based version, it makes the pdf version excessively long, repetitive and rather bland, with no emphasis on real "highs" or "lows" in the reporting period. Some information, for example on GRI's vision and mission, is repeated three times while there is little discussion of the extensive development process for the G3 Guidelines or the successful launch at the Amsterdam Conference in October 2006. Overall it is a very lengthy report for a small organization such as GRI and perhaps a missed opportunity to demonstrate how small organisations can limit their reports by focusing on issues materially relevant to their business strategy and operations.

The materiality principle (including stakeholder engagement) has clearly been employed by GRI to identify the relevant GRI performance indicators and this process is described in some detail. I miss, however, the application of the materiality principle for issue identification which could have provided more focus for the report as mentioned above. For example, where are the details of the organisation's performance goals and development plan which are mentioned briefly in section 4.9, or the issues and dilemmas relating to the G3 Guidelines since the launch 12 months ago that have arisen during on-going engagement with the governance bodies, working groups, G3 users and others? These could, for example, relate to the more technical aspects of sector guidelines and indicator protocols or the discussions with assurance providers on the Application Levels.

In relation to monitoring performance, the four sustainability performance targets mentioned on page 9 provide some insight into future challenges for the organization but this section does not go on to describe how these will be measured, monitored and reported on. Goals for the coming period are also mentioned in the DMA sections for environmental and social aspects and in other parts of the report. A summary table of the goals and commitments in the previous sustainability report together with actions and progress in the intervening period and goals/targets for 2007-8 would have facilitated readers' understanding of what GRI has achieved and hopes to achieve.

It may also have been useful to explain to readers how GRI has addressed the recommendations of the Review Committee for the previous report both in the intervening period and in the development of the current report.

## 2. Best sections of the report and your reasons for this choice

The Strategy and Analysis section (pages 8-9) in my view provide an interesting overview of the background and context in which GRI operates and some of the developments that will influence its activities in the coming years. In addition section 2.2 provides readers with a comprehensive description of GRI's products and services.

## 3. Worst/unclear sections of the report and your reasons for this choice

In my view section 3.5 (Process for defining report content) is the most disappointing. It would be unjust to say that it is bad or unclear but I just think it misses the core message of the materiality principle which is to first define the issues to report on and then identify the relevant indicators.

While GRI clearly wants to report on its own environmental impacts I believe the level of detail provided for the environmental indicators confuses the key messages and could therefore be scaled down. Some of the data could be more effectively communicated in the form of graphs rather than in tables with other data placed in an appendix.

## 4. Recommendations for the next reporting period

My recommendations include some relating to sustainability management at GRI (derived from the report content) as well as those relating to the reporting process and the next sustainability report. I recommend that GRI:

- formalises its sustainability strategy and policies for key areas such as procurement, human resources and carbon emissions and reports progress on this next year;
- translates the commitments in this report into measurable goals and indicators and integrates these goals into the internal management and reporting cycle and the next external report;
- uses a broader interpretation of the materiality principle to establish the key reporting issues for the next sustainability report based on GRI's strategy and commitments as well as on-going operational engagement with stakeholders;
- considers ways to improve the readability of the report for example by adopting a more informal writing style based around the identified material issues (and relevant indicators) and referencing the GRI reporting requirements in the GRI table rather than using them as a structure for the report;
- reduces the length of the report by eliminating repetition and excessive detail;
- increases accessibility for readers by using more figures and graphs;
- reports on dilemma's and challenges (less positive aspects) to improve the balance and therefore the credibility of the report.



*Constance F. Kane*  
*Stakeholder Council Vice-Chair*

## **1. General comments**

It was a pleasure and a privilege to read and comment on the first GRI Sustainability Report. As Vice Chair of the Stakeholder Council and as a member of the NGO Sector Supplement Working Group, it is important to understand the applicability of the G3 reporting framework. It is evident that an extraordinary effort was made by the Secretariat staff to ensure the production of such a high quality report. Taken in its entirety, the report provides a clear picture of the overall growth of the Secretariat which has been steady, purposeful and impressive. In addition, one can readily understand, through examining the budget and the allocation of resources to key tasks how the growth of the GRI Secretariat has been specifically targeted. One forms a sincere appreciation for the painstaking efforts that have gone into the growth of the Secretariat and the GRI as a whole.

From reading the report the question arises: who is represented by this report? Clearly it describes the activities of the Secretariat along the 29 relevant dimensions. Yet, in a few responses the Board and the TAC are referenced (statistics on Board and TAC male/female membership imbalance). This example is cited frame the question: who is represented by this sustainability report, and in cases like the male/female member imbalance in key bodies of the GRI, what are the opportunities for correction? Thus the question should be addressed; does the GRI Sustainability Report represent the activities of the entire GRI structure (Secretariat, Board, and Stakeholder Council) or those of the Secretariat specifically?

The Disclosures of Management Approach is a welcome innovation to the GRI Sustainability reporting and good use was made of the DMA in this report. Examples include the discussion of shortcomings in the areas of environmental policy and impact, and the future issues to be addressed in the social performance area (complaints, grievances, disclosure and diversity). This illustrates importance of having an aspect of the reporting that it allows the preparer to describe the basic approach or framework utilized when considering an issue (carbon trading for example); and it provides the opportunity to describe how the issue will be addressed. Further, it suggests benchmarks against which to evaluate future reports (i.e. developing a due process policy).

## **2. Best sections of the report and reasons why**

Several aspects of the report seem particularly strong. Those include the general introduction section; Section 2: Organizational Profile; the DMA for the social performance; the DMA for the environment. Regarding the general introduction section and the Organizational Profile, because this is the first GRI Sustainability Report, it was important to lay out the history, general direction, goals, vision, mission and overall operations of the GRI. It may also be interesting in future reports to reference the mission, vision and goals and provide general insights as to how they have been advanced during the reporting period. For the DMA for social performance, as noted above, the report clearly described the issues to be facing the Secretariat going forward. The same can be said for the DMA for the environment. Additional mention should be made of 4.12 "Externally developed economic, environmental, and social charters..." particularly the relationship between the Global Compact and other generally accepted norms and standards. It will be equally interesting to read updates in the next report of the ongoing relationship between the Global Compact and the GRI. Finally, the chart "Income by Donor" gives a clear picture of where GRI derives its financial support and what program activities those donors have funded. This transparency is a welcomed aspect of the report.

### 3. Weakest sections of the report and reasons why

While no one section of the report can be singled out as the weakest, it might be noted that more could have been written about the process of stakeholder engagement, particularly since stakeholder engagement is a key cornerstone of the GRI (Section 4.16).

### 4. Recommendations for the next reporting period

Suggestions for the next reporting period include a deeper discussion of the operational relevance of the GRI as a Global Action Network. This was alluded to in passing in the opening remarks, but the recent report to the GRI describing the possible new operational opportunities of acting like a Global Action network should be further explored and reflected on for the next report. Next, although the materiality discussions were presented clearly and carefully, when it came to their applicability it was sometimes difficult to follow. Thus in the next report, more attention could be paid to describing both the theory and practice of materiality.

The term "highest governing body" is used throughout Section 4: Governance, Commitment and Engagements. The term clearly refers to the Board however the GRI may want to consider amending this term to include the Stakeholder Council so that both bodies are subject to the same scrutiny. For example, the conflict of interest clause should be rigorously applied to both bodies. Next, section 3.6 Boundary of the Report notes the need for wider reporting boundaries "determining whose sustainability performance needs to be tracked and how." Time should be devoted to further analysis and next steps for this important boundary concern. Finally, while the Performance Indicators do present the general observations resulting from the G3 sustainability analysis, they fall just short of being "actionable" thus it might be useful for the GRI Secretariat to develop a format for developing action plans based on the analysis of the performance indicators.

In conclusion, this first GRI G3 Sustainability Report represents an important step for the institution. It articulates progress along 29 indicators and provides important insights via the Disclosures of Management Approach. In combination with the information gathered through the DMA and the Performance Indicators, the GRI has a clear blueprint for the sustainability challenges it will face during the next reporting period.



*Winston Gereluk  
Sustainable Development Consultant  
Public Services International/  
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Congratulations to the team that produced the GRI's *Sustainability Report for July 2004 – June 2007*. It is an ambitious undertaking, and I was pleased to review it as a member of the Stakeholder Council representing Labour. Providing critical commentary was far from easy, particularly as I had some understanding of the immense amount of work that went into it.

### **1. General comments**

My general impression upon reading this report was that it required a substantially different approach, and at times, a somewhat uncomfortable paradigm shift for those of us who are accustomed to reading annual reports of large publicly-traded companies. Just as significantly, it also marks a much-needed shift from the first generation of sustainability reports, that were often much longer on rhetoric and shorter on objective metrics based on clearly defined, widely-accepted and reliable indicators of performance.

Preparation of this report must have been challenging, as so much was expected of it. For one, it is much more than a Sustainability Report. It is also a demonstration document intended to illustrate how reporting is to be carried out in accordance with the GRI Guidelines and framework, and in this respect it is a full and robust document. Its other purpose, however, is to promote the GRI and its mission, and it is for this reason that so many of my comments concern style.

Readability is an important feature of any report, and particularly this one. I was concerned, as I read through this report, that while it might score well on some of the 'readability measures' that have been developed, large sections of it lacked the lively, inspirational tone we have come to expect of sustainability reports. Major sections are singularly impersonal and technical, and seem to provide far more information about administrative minutiae than would normally be of interest to readers. (See below)

As with most reports, this one must do more than inform; it must also impress and inspire. This 'appeal quality' requires a clear view of our target audiences, their interest in sustainable development, and their reasons for reading our report. It might well be part of the GRI's mission to draw sustainability reporting away from some of the slick and rhetorical documents we have seen in the past. However, given our mission, it is important that we not jettison the good with the bad, but that we retain some of the generally accepted rules for writing attractive annual reports.

My general impression may be partly due to the fact that the GRI is a relatively small non-profit organization. Whereas we are naturally inclined to expect more of significance from large multinational corporations, whose operations can have such a large impact on our human and natural environment, responses to the Guidelines by relatively small organization such as ours are too likely to result in administrative minutiae, with a much less inspiring effect.

### **2. Best sections of the report and reasons why**

Since I believe that readability is so crucial to good reporting, I was most impressed with the opening sections of the GRI Report, including the striking, well-designed cover that should attract attention. In the same spirit, the Preface provides a clear, concise snapshot of the GRI and its mission, and just as importantly, conveys a message of progress in the decade since our inception in 1997.

The Strategy and Analysis subsection not only builds on this notion of progress, it does so with a personal touch, with a message that comes directly from the Chairman of our Board and the CEO. Sustainability reporting is about people making socially and environmentally-responsible decisions, and for this reason, it is important that reports impart a personal quality, wherever possible.

While it did not make for particularly sprightly or interesting reading, the Organizational Profile provided a full and effective breakdown of the multistakeholder character of the GRI, explaining how it pervades all aspects of its operations, including the reporting framework. This is clearly illustrated in the sub-section on Report Parameters which describes how all stakeholders played a role in defining 'materiality'. The multistakeholder process is one of the key distinguishing features of the GRI, and this subsection, together with the section on Governance, Commitments and Engagement, clearly demonstrate how it might work.

As a member of the Stakeholder Council, I appreciate the rigour with which the multistakeholder feature is maintained through all the GRI's processes and structures. Careful attention is given to ensuring that all points-of-view are considered, no matter how unpopular, which results in discussions are often frank and pointed. Mutual respect has always been the rule, however, and multistakeholder engagement continues to be one the strongest features of the GRI process.

### 3. Weakest sections of the report and reasons why

Further to my opening comments, I found the whole section on Management Approach and Performance Indicators to be somewhat of a disappointment. This is not a criticism of the content, which was carefully and clearly presented, but rather of the presentation style.

In brief, I found this section to be detailed and fastidious, which violates accepted rules for good report writing. Much more could have been done in this section to advance the impression of an active organization with an important and exciting mission. Was the style of this section a necessary result of the G3 Guidelines themselves, or is it something that could be avoided, particularly in a document that intends to demonstrate the features of a good sustainability reporting?

It is crucial to maintain an impression of movement, but for some reason, this was not conveyed consistently in this section. This is regrettable as this Management Approach section provides such a clear demonstration of the approach to be taken in reporting according to the GRI Guidelines, which is best illustrated in the subsection on Social Indicators for diversity and balance in both the Secretariat and the stakeholder bodies. However, one is left with a question, "How much progress does this represent?"

Can this be accommodated \under the guidelines for an organization as young or as small as ours? It is an important, question, because these indicators point directly towards the type of management practices we would like to promote.

The economic approach was a little harder to understand in terms of the GRI framework, as it attempts to address the traditional function of financial disclosure at the same time as it provides information about our overall economic impact in a sustainable development context. A small point: I did not understand why Income by Donor was provided for only 2 years, when the rest of the Income Statement provided information for 3 years.



#### 4. Recommendations for the next reporting period

While this report provides a good solid demonstration how the GRI framework can be applied, there are improvements that we might consider. Future writers should be guided by the understanding that sustainability reporting grew out of a public demand for more accountability and better performance by major players that were having a major impact on our environment, particularly large transnational business organizations. Front-running companies answered with sustainability reports, which in addition to fulfilling guidelines, provided assurance and inspiration to the growing number of people who are hungry for news that companies are doing good things.

As provider of the world's leading framework for sustainability reporting, the GRI's own report must show how all this can be delivered, using our guidelines. Instead of a dry, technical document, our report must be a leading example of inspirational reporting. Too much breast-beating and rhetoric arouses skepticism, it is true, but there must still be a way to prepare a report that provides the 'good news' in a credible and substantial manner.

Finally, although not explicitly required by the G3 Guidelines, it might be a good idea to include a few pictures in the body of the report; e.g., of the CEO, the Board Chair, Stakeholder Council Chair and TAC, as well as other pictures that depict a healthy social and natural environment. In the past, sustainability reports have reinforced their messages with such visual effects, and there seems to be no good reason why we should not follow suit.

*Respectfully submitted,  
Winston Gereluk*

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