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Global Reporting Initiative

The Global Reporting Initiative (GRI) is the most relevant framework for voluntary reporting on sustainable development performance by business worldwide, making it a key element for green business. In particular, the GRI committee has established the GRI's guidelines which have synergies with the United Nations Global Compact and the Earth Charter Initiative. In 2008, 1044 companies worldwide edited a sustainable development report according to the GRI's guidelines, including firms such as Deloitte Touche (accounting and consulting), Tata (car industry), Sony (equipments), Shell (petroleum) or Novo Nordisk (pharmaceuticals). At the beginning of its development, the GRI was supposed to offer a "win win" solution for sustainable development, enabling firms to know more about their environmental impact while providing societal groups with information on corporations' behavior. However, nowadays, the GRI is rather a tool for sustainability, trademark management and reputation building by companies than an instrument of control in the hands of environmental non governmental organizations. Considering the short period of time since its launch, there is no doubt that the GRI will continue to be used and developed for better corporate transparency on sustainable development objectives.

Initially, the creation of the Global Report Initiative was based on three principles.

The first one is that corporate reporting, as an attempt to provide data on industrial externalities, encourages good corporate behavior and, therefore, ameliorates economic results. The information contained in corporate reports is able to empower societal actors that demand appropriate sustainable performance from companies. The power of information disclosure is a key principle behind the GRI, acting as a potential instrument of civil regulation.

Secondly, at the time of its creation, the Global Reporting Initiative wanted not only to enforce the logic of reporting for corporations worldwide, but also to innovate in proposing evaluation standards to measure business environmental impact, in the same way as financial performance was already subject to corporate reports. The second principle of GRI was to extend corporate reporting beyond financial performance, to render environmental and social objectives as visible as economic ones.

The third objective of GRI was to harmonize the field of corporate reporting. Indeed, many codes of conducts have been produced in the last two decades by individual firms, business associations or intergovernmental organizations -one of the most well known being the Organization for Economic Cooperation and Development's guidelines for multinational companies. In parallel to these initiatives, GRI's major contribution to the field of reporting was to propose a participatory, multi-stakeholder, process for international guidelines in order to harmonize the confusing domain of corporate reporting.

Based on these three principles, historically, the Global Reporting Initiative was in 1997 the result of the mobilization of economic actors, in particular the Coalition for Environmentally Responsible Economies (CERES) in the United States. This coalition based in Boston, Massachusetts, gathered firms, investors, labor, environmental, religious and public interest groups. The model proposed by CERES was based on the well-established United States financial reporting system. However, CERES sought to expand its scope from only social concerns to economic and environmental performance indicators in accordance with the triple bottom line principle, to give it a global impact, and to go deeper into its multi-stakeholder basis.

In 2000, the CERES joined the United Nations Environmental Program to create GRI and publish the first sustainability reporting guidelines in June the same year. The first guidelines were used as a pilot document for a handful of companies. Immediately afterwards, the GRI created the Measurement and the Revision Working Groups to assist in revising these guidelines. After their analysis and a multi-stakeholder process, a second version was presented at the Johannesburg Summit in August 2002. Many elements changed between the first version of the guidelines and the second, such as the number of indicators, their conceptualization and the consideration of integrative indicators. Moreover, three principles have been chosen as the basis of the new reporting framework: transparency, inclusiveness and audit.

With regard to its achievements, since its modest beginnings, GRI has been by several ways a successful institutionalization project. It has contributed to improve transparency, rigor, and the quality of data related to business sustainable development reports. The guidelines do provide a comprehensive framework for business sustainable development reporting divided into seven sections including the definition of report content and quality, indicators and disclosure on management approach. One of GRI's greatest contributions has been to raise the awareness of clients for disclosure of industrial data, while making companies keener on collaborating for such information disclosure. In many cases, GRI's reports provide a starting point for further inquiry and dialogue with companies.

Despite its progressive development, critics have emerged concerning the formulation of the guidelines as well as the general functioning of GRI.

Regarding the text of the guidelines, the first problem observed is the lack of an explicit definition or reference to a definition of sustainable development. Sustainable development is indeed a rather vague notion that can encompass a broad range of objectives. The absence of definition of other important notions, such as the one of stakeholder, a notion central to the GRI, does also pose difficulties for defining the reporting boundaries. For instance, as a consequence, company approaches to stakeholder dialogue vary importantly from one company to another.

Moreover, the guidelines do not propose any precise implementation procedure, which allows for their partial application, leading to a soft approach to sustainability. Partial implementation of the guidelines indeed means that a company can focus on just one of the dimensions of sustainability. It also means that organizations can focus on those activities which provide better reputation to their organization, while neglecting other important aspects of their externalities. The unbalance between the different categories of performance indicators proposed as well as the lack of integrated indicators exacerbate the imprecision of the guidelines. As a consequence, the data presented in business reports following the GRI's guidelines are somehow incomplete, and complementary sources of information are often needed in order to picture the global sustainable development practices of companies.

Regarding the procedure followed by the GRI, one striking element is that large global companies, financial institutions and international business associations are the main actors of GRI, to the detriment of civil society organizations or organized labor. Likewise, small and medium size enterprises have never participated in the GRI. This point is problematic when we consider that the GRI's success is measured according to the number of reporting organizations following the guidelines, mainly corporations, which means that business pressures represent a key aspect for the definition of the guidelines' content. The influence of economic actors in comparison to civil society organizations is reinforced by the fact that the initial support from foundations received by GRI has been nowadays replaced by mostly private sources.

A surprising explanation for the poor involvement of civil society actors, in parallel to resources constraints, is societal actors' lack of interest in the GRI's guidelines. Whereas these have been conceived primarily as a tool for corporate accountability, the information happened to be hard to use by activists. Indeed, the rather vague character of the data provided impedes strong societal control. As a result, the GRI's guidelines tend to become an element legitimizing the status-quo and acting as a barrier to change.

This lack of involvement is susceptible to contaminate the business community as well. A kind of report routine is indeed sensitive among the users of the GRI's guidelines and companies do poorly communicate among themselves on their reports. Just as do civil society organizations, the primary target audiences of reporting companies -financial institutions, employees and shareholders- seem to show little interest in the reports.

These critics are somehow constructive and lead to the possible development of solutions to improve the GRI. A sectorial version of the guidelines could be developed in order to ameliorate the precision of sustainable development indicators for each industrial sector. Regarding enforcement, the use of external examinations could be extended to all the users of the guidelines. To adopt these changes, the GRI's guidelines will have to continue to develop in future through involving a wide range of stakeholders and disciplines in many countries around the world.

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See also: Ceres Principles; Corporate Social Responsibility; Global Compact; Triple Bottom Line.

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