

See CSO response to the GRI statement below immediately following it on pp. 3-4



GRI response statement to the [Center for Sustainable Organizations \(CSO\)](#)

This month, the Center for Sustainable Organizations (CSO) announced:

“CSO is calling upon GRI to enforce this most basic principle of sustainability measurement and reporting by (a) specifying procedures for how to measure and report performance in context, (b) modifying its rating guidelines so as to withhold superior ratings for reports that fail to include context, and (c) setting the proper example itself by including context in its own reports from now on.”

GRI believes that sustainability context is vital in all reporting. This is emphasized by the Principle of Sustainability Context in GRI’s Sustainability Reporting Framework. GRI is committed to the continuous improvement of its Guidelines, including the Principles that underpin reporting.

Since GRI provides the Guidelines for organizations to follow, it should not judge the quality of resulting reports. The purpose of the GRI Guidelines is to ensure transparency so that different stakeholders can take on this role – civil society, academics and analysts.

GRI offers an Application Level Check service to companies that have produced a GRI sustainability report, which is separate from any external assurance they might seek from a third party. The Application Levels specifically measure the extent to which the GRI Guidelines have been used, and examine completeness, correctness and usability. The Principle of Sustainability Context is not examined in the Application Level Check as this would constitute a value judgment that GRI cannot make.

Application Level C means a company has reported on 10 Performance Indicators and a selection of Profile Disclosures. Application Level B means a company has reported on 20 Performance Indicators, has reported on its management approach, and has reported on all Profile Disclosures. Application Level A means a company has addressed all core Performance Indicators, has reported on its management approach, and has reported on all Profile Disclosures.

The Application Levels do not indicate the quality or accuracy of the content of a report, or the quality of a company’s sustainability practices.

GRI itself reports at Application Level A, and is committed to improve its reporting practices every year. Following stakeholder engagement, in the next reporting period GRI will follow the NGO Sector Supplement, measuring its program effectiveness and reporting its impacts on sustainability reporting worldwide.

GRI warmly invites CSO to participate in the Public Comment Period that is currently open as part of the development of the next generation of Sustainability Reporting Guidelines, G4.

CSO’s input on sustainability context is of considerable interest for G4’s development. By participating, CSO can also play its part in the multi-stakeholder development process that involves sustainability practitioners and experts from diverse constituencies and geographical locations, ensuring the Guidelines produced reflect all stakeholders’ needs.



G4 will improve on content in the current Guidelines – G3 and G3.1 – with strengthened technical definitions and improved clarity, helping reporters, information users and assurance providers. The results from the Public Comment Period will feed into the development process. Once the feedback has been analyzed, GRI will then begin the process of defining scope and recruiting Working Group members in December 2011. Working Group composition will be influenced by the proposed structure and content of G4.

GRI looks forward to CSO participating in the Public Comment Period, which is now open until 24 November 2011.

For more information on the G4 development process, see:

<http://www.globalreporting.org/CurrentPriorities/G4Developments/>

For more information on Application Levels see:

<http://www.globalreporting.org/ReportingFramework/ApplicationLevels/>

For more information on the Application Level Checks, see:

<http://www.globalreporting.org/ReportServices/ApplicationLevelChecks/>

To download the NGO Sector Supplement, see:

<http://www.globalreporting.org/ReportingFramework/SectorSupplements/NGO/>



Reply to GRI re: CSO's *Enforce or Explain* Campaign

September 21, 2011

This week, we were contacted by GRI with a response to the Enforce or Explain campaign we launched at the start of the month. That campaign called for GRI to either enforce the 'sustainability context' principle in its guidelines, or else explain why it doesn't. Before commenting on the response we received from GRI, we would like to express our gratitude to them for taking our campaign seriously and for the time and effort they expended in preparing their response (attached above).

Below are repeated several of the statements made by GRI in their response to our campaign, followed by further responses of our own:

"Since GRI provides the Guidelines for organizations to follow, it should not judge the quality of resulting reports."

To be clear, our call was not for GRI to assess the quality of sustainability reports prepared in accordance with its Guidelines. Rather, our call was for GRI to appropriately enforce its Guidelines by (a) specifying procedures for how to measure and report performance in context, (b) modifying its rating guidelines so as to withhold superior ratings for reports that fail to include context, and (c) setting the proper example itself by including context in its own reports from now on.

Here it should be clear that to specify procedures for how to measure and report performance in context is not to 'judge the quality of resulting reports'. Rather, it is to provide guidance for how to prepare them. Second, the same can be said for the third request. Namely, that to expect GRI to set the proper example by including context in its own reports is not to ask or expect it to judge the quality of others'.

As for the second request, we understand that the rating system employed by GRI (i.e., its Application Level Check) is largely a non-judgmental one, in the sense that the scores received under its criteria are mainly a function of how many indicators are featured in a report, and are not a function of the quality of the information provided. On the other hand, we all know that A, B and C ratings or grades are value-laden: A is *better* than B, and B is *better* than C. Why else make the distinction if not to make judgments? Thus, there is judgment going on in the rating system, whether GRI itself is directly involved in applying it or not. In all cases, it is at least indirectly involved by virtue of the rating system it promotes and controls.

GRI goes on to explain:

"The Application Levels specifically measure the extent to which the GRI Guidelines have been used, and examine completeness,

correctness and usability. The Principle of Sustainability Context is not examined in the Application Level Check as this would constitute a value judgment that GRI cannot make.”

First, to say that a report either does or does not include context and therefore either does or does not comply with a set of guidelines – which is all we’re asking for – is not to call for a value judgment at all. Rather, it is to simply state a fact. A thing is either there or not there, regardless of how we feel about it. The fact is that GRI’s Guidelines call for the inclusion of context – and for good reason. Thus, we think it not too much to ask that the Application Level Check that GRI provides include consideration of whether or not context has, in fact, been included in a report, just as it does for completeness, correctness and usability – the latter of which, incidentally, are *absolutely* judgments of quality.

Of more concern, perhaps, in GRI’s response to our campaign is its apparent willingness to put up with the continued absence of sustainability context in mainstream reporting, despite the fact that (a) its Guidelines call for the inclusion of it in all reports, and (b) sustainability measurement and reporting cannot be done without it. That the dominant international standard for corporate sustainability measurement and reporting in the world seems content to tolerate the status quo is frankly shocking – very much akin to what things would be like if FASB failed to enforce the inclusion of expenses in *Income Statements*.

Of course the solution to all of this is quite simple. As earlier indicated, GRI should (a) specify procedures for how to measure and report performance in context, (b) modify its rating guidelines so as to prevent the assignment of superior ratings by others to reports that fail to include context, and (c) set the proper example itself by including context in its own reports from now on.

Finally, GRI also said:

“The purpose of the GRI Guidelines is to ensure transparency....”

Of course we understand and agree. But that is the point of all this, isn’t it? If the purpose of a sustainability report is to disclose information about the sustainability performance of an organization, such disclosure cannot possibly take place without the inclusion of context, because sustainability performance is *determined* by reference to context – inextricably so.

Indeed, if GRI is truly committed to ensuring transparency in corporate sustainability reporting – and we believe it is – it must take its own ‘sustainability context’ principle seriously, and enforce it in the ways we have described. To continue to tolerate its pervasive absence from mainstream reporting does nothing but invite ridicule to the value and legitimacy of sustainability measurement and reporting in general. It makes a mockery of what so many of us – including GRI itself, no doubt – feel is so important in these times, or in any time for that matter: true sustainability reporting!

Mark W. McElroy, PhD
Founder and Executive Director
Center for Sustainable Organizations