

Transitioning to G4

The next evolution in the Global Reporting Initiative sustainability reporting guidelines

In May 2013, the Global Reporting Initiative ('GRI') released the latest evolution of its Sustainability Reporting Guidelines - G4. There are a number of areas of significant revision from earlier versions of the GRI guidelines and reporting organisations will need to plan well ahead of the typical reporting cycle to prepare a sustainability report in accordance with G4.

The GRI and G4

Since its launch in 1999, the GRI Sustainability Reporting Framework has emerged as the most commonly used framework for sustainability reporting.

By 2011, 2,654 organisations were reporting against the GRI guidelines with adoption strongest in Europe and Asia¹. In Australia, 43 ASX 200 listed companies (80% of these are in ASX 100) use the GRI guidelines as their sustainability reporting framework².

Comprised of *Reporting Principles*, *Standard Disclosures* and an *Implementation Manual*, the aim of G4 is to assist organisations to produce sustainability reports that matter, contain valuable information about the organisation's most critical sustainability-related issues, and make such sustainability reporting standard practice³.

Many organisations have been producing sustainability reports based on G3 (released in 2006) or G3.1 (a 2011 update) for a number of years. However given there are a number of new or expanded requirements in G4, reporting organisations will need to plan well ahead of the typical reporting cycle in order to prepare a sustainability report in accordance with G4.

While the GRI will continue to recognise reports based on the G3 and G3.1 guidelines for up to two full reporting cycles, the first G4 reports have been released and many more are expected in the next 12 months as leading organisations make the transition.

First time reporters are encouraged to move straight to G4, even if they do not at first fulfil the requirements of either the Core or Comprehensive options.

Areas of significant revision

Reporting Application Levels replaced with an “in accordance” system	<ul style="list-style-type: none">• The previous reporting levels (A, B and C) have been abolished and G4 offers two options for an organisation to prepare its sustainability report ‘in accordance’ with the Guidelines: either “Core” or “Comprehensive”• Each option can be applied by all organisations, regardless of their size, sector or location.
Stronger emphasis on materiality and boundaries	<ul style="list-style-type: none">• G4 has a much stronger emphasis on selecting material topics for inclusion in the sustainability report and explaining the boundaries of where these occur• The reporting organisation must explain its process for defining the report content and the Aspect boundaries including how it has implemented the Reporting Principles for Defining Report Content.
Disclosures on management approach	<ul style="list-style-type: none">• Previous requirements for Disclosures on Management Approach (‘DMA’) applied only to B and A application level reports• In G4 DMA’s for material Aspects are required for both Core and Comprehensive ‘in accordance’ options.
Content changes	<ul style="list-style-type: none">• <i>Supply chain</i> – 9 new standard disclosures relating to supply chain, procurement practices and supplier assessments (environmental, labour, human rights and society)• <i>Governance</i> – 10 new standard disclosures• <i>Ethics and Integrity</i> – 3 new standard disclosures• <i>Greenhouse gas emissions</i> – 2 new standard disclosures and significant amendments to others• <i>Anti-corruption</i> – significant amendments to 3 standard disclosures.

¹ Verdantix (2012) Sustainability Reporting Frameworks Gain Global Traction

² Australian Council of Superannuation Investors (2013) Corporate Reporting in Australia

³ Global Reporting Initiative (2013) G4 Sustainability Reporting Guidelines: Reporting Principles and Standard Disclosures

G4 Readiness Assessment

This set of questions is designed to assess your high-level preparedness to produce an “in Accordance” GRI G4 sustainability report:

	Yes	In progress	No
Have you clearly defined all of your material Aspects and their boundaries either within or outside of your organisation?			
Do you include your stakeholders in the process for determining what should be included in your report including material Aspects?			
Have you developed Management Approach Disclosures to explain how your organisation’s economic, environmental and social impacts are managed?			
Is your current governance, ethics and integrity reporting in line with G4 requirements?			
Is executive management aware of the new G4 reporting requirements and comfortable with the level of disclosure?			
Do you have a robust sustainability data collection process and management system?			
Have you discussed the new G4 assurance disclosure requirements with your assurance provider?			

How Deloitte can help

Deloitte helps organisations embed and integrate sustainability information into day-to-day operations and share their sustainability journey with stakeholders through meaningful and compelling reporting. We can work with you to assess your preparedness to report in accordance with G4 and implement a plan of action towards the production of your first G4 report.

Contact us

For more information or to discuss how we can assist you please contact:



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