



# Accounting and control for sustainability and CSR

Session 15b

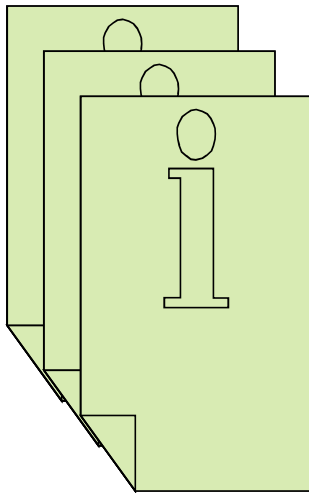
Prof.ssa Lucrezia Songini

6 December 2018

Strategic management accounting - A.Y. 2018/2019

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# Sustainability disclosure: the main documents



- ✓ Annual report integrated with environmental and social indicators
  - ✓ Environmental report
  - ✓ Social report
  - ✓ Sustainability report
  - ✓ Integrated reporting
  - ✓ Non financial reporting directive
- 
- ✓ Sustainability managerial reporting

# Sustainability disclosure: brief history and countries differences

Year	United States	UK	France	Germany	Italy
1938				Aeg: first social report	
1965/68	First consumer and environmental movements				
1973				Staeg (Essen): social report	First social reports by companies and discussion and publications by academia
1975		The Corporate Report			
1976				Sozialbilanz-Praxis	
1977			Law n° 77-769, on compulsory social reports		
anni '90	GRI – Global Reporting Initiative			Environmental reports	

# Standards on sustainability / CSR measurement and reporting

## **International standards for sustainability report**

- Global Reporting Initiative – GRI
- UN Global Compact
- Accountability 1000, AA1000
- Prince's Accounting for Sustainability Project (A4S)
- International Integrated Reporting Council (IIRC)
- ...

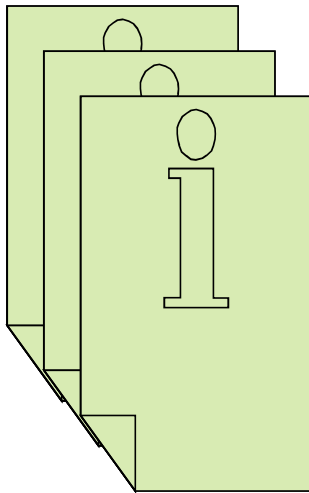
## **Standards for the social report**

- Standards for the social report: GBS (Gruppo sul Bilancio Sociale – Italian research group on social report)
- ...

## **International standards for the environmental report**

- IOW – Institute für Oekologische Wirtschaft (Institute for Ecological Economy Research) (IÖW) - standards for the environmental reporting
- FEEM – Fondazione Enrico Mattei (standards for the environmental reporting)
- ...

# Sustainability disclosure: the main documents



✓ Annual report integrated with environmental and social indicators

✓ **Environmental report**

✓ Social report

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# Sustainability disclosure: the main documents

## **Environmental report**

### ***Fondazione Eni Enrico Mattei (FEEM)***

It is a nonprofit, nonpartisan research institution devoted to the study of sustainable development and global governance. Officially recognized by the President of the Italian Republic in 1989 and in full operation since 1990, FEEM has grown to become a leading research centre, providing timely and objective analysis on a wide range of environmental, energy and global economic issues.

<http://www.feem.it>

### **Institute for Ecological Economy Research (IÖW)**

#### **Willkommen beim Institut für ökologische Wirtschaftsforschung (IÖW)**

The IÖW is a leading scientific institute in the field of practice-oriented sustainability research. It devises strategies and approaches for viable, long-term economic activity – for an economy which enables a good life and preserves natural resources.

<http://www.ioew.de>

# Environmental report

## The Fondazione Mattei (FEEM) framework

The environmental report is the accounting instrument devoted to provide an organic picture of the relationship between the firm and the environment through a correct representation of the quantitative and qualitative data relating to the environmental impact of the production activities and of the financial effort supported by the firm for the environmental protection

### **The picture of the resources:**

- physical flows of natural resources consumption
- physical flows and costs of the resources produced by industrial systems relevant for The environment (eg electricity, gas, warm water, chemical products, ..)

### **The picture of the emissions:**

- waste
- emissions in air
- water pollution
- noise

### **The picture of the environmental expenses**

- environmental current costs
- environmental investments
- R&D expenses

# Environmental report

## The Institut für Ökologische Wirtschaftsforschung (IOW) framework

The environmental performance of the firm is represented by the following four instruments:

- the input-output statement
- the process statement
- the product statement
- the substance statement

### The input-output statement:

- input: consumption of natural resources and resources produced by industrial systems relevant for the environment
- output: waste emissions in air, water pollution, noise

### The process Statement

- environmental impact of the firm production processes (input-output analysis)
- environmental risk factors related to the firm production processes

### The product Statement

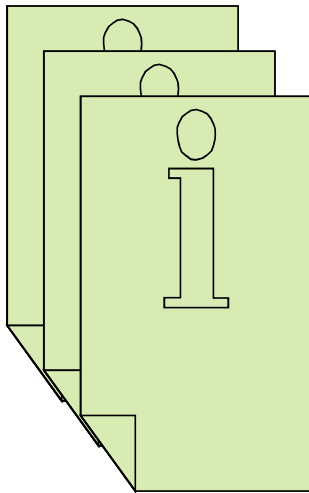
- Life cycle assessment (LCA) of the main products of the firm

### The substance Statement

- other environmental relevant issues: impact on the landscape, directions for use of ground, environmental projects and interventions



# Sustainability disclosure: the main documents



- ✓ Annual report integrated with environmental and social indicators
  - ✓ Environmental report
  - ✓ **Social report**
  - ✓ Sustainability report
  - ✓ Integrated reporting
  - ✓ Non financial reporting directive
- 
- ✓ Sustainability managerial reporting

# Sustainability disclosure: the main tools-documents

## **Social report**

### ***Standards for the social balance sheet / report***

GBS (Gruppo sul Bilancio Sociale – Italian research group on social balance sheet)

Project established in 1998, with the participation of IBS, SEAN, KPMG.  
It has defined standards for the social balance report.

### ***Objectives of the social report***

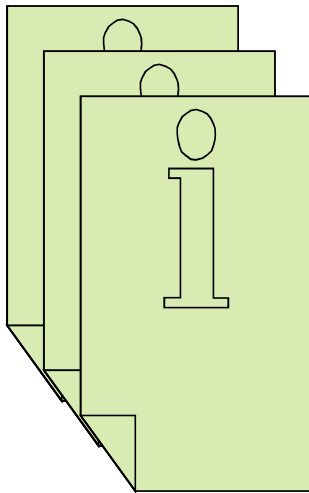
Communicate to stakeholder company social and ethical performance, favouring dialogue with stakeholders and their engagement

### ***Structure of the document***

Company identity and mission  
Value added production and distribution  
Social report (KPIs, etc.)

<http://www.gruppobilanciosociale.org>

# Sustainability disclosure: the main documents

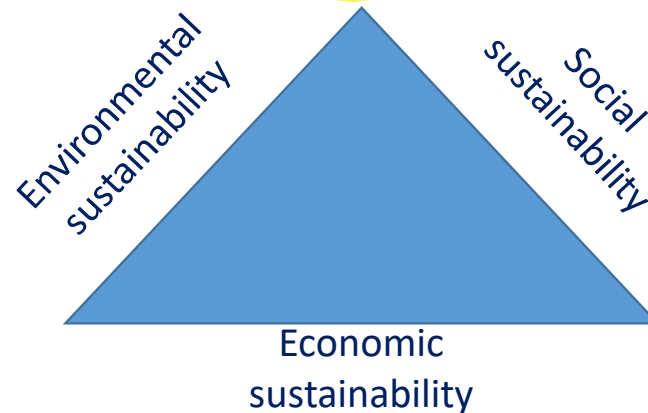


- ✓ Annual report integrated with environmental and social indicators
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# Sustainability disclosure: the main tools-documents

## Sustainability reporting

The EU invites all the big listed companies to publish annually the **Triple Bottom Line** reporting for the communication to the stakeholders of the environmental, social and financial performance through an integrated model  
(Communication 347 July 2<sup>o</sup>, 2002)



### Standards:

- UN Global Compact
- AccountAbility 1000
- GRI - Global Reporting Initiative

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# Sustainability disclosure: main standards

## UN Global Compact

- The **United Nations Global Compact**, also known as **Compact** or **UNGC**, is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.
- The Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption.
- Under the Global Compact, companies are brought together with UN agencies, labor groups and civil society.
- The Global Compact is the world's largest corporate citizenship initiative and as voluntary initiative has two objectives: "Mainstream the ten principles in business activities around the world" and "Catalyze actions in support of broader UN goals, such as the Millennium Development Goals (MDGs)."
- The Global Compact was first announced by the then UN Secretary-General Kofi Annan in an address to The World Economic Forum on January 31, 1999, and was officially launched at UN headquarters in New York on July 26, 2000.
- The **Global Compact Office** is supported by six UN Agencies.

# Sustainability disclosure: main standards

## Un Global Compact: the Communication on progress - COP

- **Objectives:** to promote accountability and transparency and to give visibility to best practices
- **Time Horizon:** yearly
- **Main aim:** to inform stakeholders on progress in the implementation of ten UN Global Compact's principles
- **Contents:** three main aspects
  - ✓ the CEO's message, which affirms the company willingness to be part of and support the Global Compact;
  - ✓ the description of the initiatives adopted to implement ten UN Global Compact's principles;
  - ✓ various KPIs aimed at measuring the achieved results, and chosen among those suggested by various standards, such as GRI.

The COP should integrate other forms of communications to stakeholders, such as the annual report and the sustainability report.

It represents a crucial aspect in the company engagement *Global Compact*.

# Sustainability disclosure: main standards

## **Accountability 1000, AA1000**

- AccountAbility is an independent, global, not-for-profit organization promoting accountability, sustainable business practices and corporate responsibility.
- It is a self-managed partnership, governed by its multi-stakeholder network.
- It was established in London in 1995 with the stated aim to “develop new tools, thinking and connections that enable individuals, institutions and alliances to respond better to global challenges”.
- The organization now has offices in London, New York, Washington D.C., Johannesburg, São Paulo and Beijing.
- AccountAbility's work is closely related but not limited to the CSR field.
- It is often labeled as a global think-tank, and has undertaken work in the areas of Responsible Competitiveness, Partnership Effectiveness, Collaborative Governance, Stakeholder Engagement and Sustainability Assurance and Reporting.

# Sustainability disclosure: main standards

## Accountability 1000, AA1000

- AccountAbility is a global network of leading business, public and civil institutions "working to build and demonstrate the possibilities for tomorrow's global markets and governance through thought leadership and advisory services".
- They work to:
  - Enable open, fair and effective approaches to stakeholder engagement
  - Develop and reward strategies for responsible competitiveness in companies, sectors, regions and nations
  - Create and develop effective collaborative governance strategies for partnerships and multilateral organisations that are delivering innovation and value
  - **Set and influencing sustainability standards**
- AA1000 is an international standard defined by ISEA (Institute of Ethical and Social Accountability) to implement accounting, auditing and reporting processes oriented to CSR and on stakeholders' dialogue, involvement and engagement.



## Sustainability disclosure: main standards

### Global Reporting Initiative – GRI

- The Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability.
- It was founded in Boston in 1997. Its roots lie within the US non-profit organizations the Coalition for Environmentally Responsible Economies ([CERES](#)) and the Tellus Institute.
- It provides all companies and organizations with a comprehensive sustainability reporting framework that is widely used around the world.

# Sustainability disclosure: main standards



## Global Reporting Initiative – GRI

- The first version of the Guidelines was launched in 2000. The following year, on the advice of the Steering Committee, CERES separated GRI as an independent institution.
- The second generation of Guidelines, known as G2, was unveiled in 2002 at the World Summit on Sustainable Development in Johannesburg. GRI was referenced in the World Summit's Plan of Implementation. The United Nations Environment Program (UNEP) embraced GRI and invited UN member states to host it. The Netherlands was chosen as host country.
- In 2002 GRI was formally inaugurated as a UNEP collaborating organization in the presence of then UN Secretary General Kofi Annan, and relocated to Amsterdam as an independent non-profit organization. Ernst Ligteringen was appointed Chief Executive and a member of the Board.
- The uptake of GRI's guidance was boosted by the 2006 launch of the current generation of Guidelines, G3. Over 3,000 experts from across business, civil society and labor participated in G3's development.
- In March 2011, GRI published the G3.1 Guidelines – an update and completion of G3, with expanded guidance on reporting gender, community and human rights-related performance.
- In May 2013 Guidelines G4 were published.

# Global Reporting Initiative – GRI



- **19 October 2016: GRI Standards**

- ✓ First global standards for sustainability reporting, which feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts.
- ✓ Use of the GRI Standards will be required for all reports or other materials published on or after 1 July 2018.

[www.globalreporting.org](http://www.globalreporting.org)

# Global Reporting Initiative – GRI



## First version of the Guidelines

CATEGORIES	ASPECTS	INDICATORS
<b>Economic</b>	Customers Suppliers Employees Funders Public Sector Indirect Economic Impact	Monetary value of total remuneration to employees broken down by geographic region
<b>Environmental</b>	Materials Energy Water Biodiversity Emissions, effluents, waste Effluents to water Suppliers Products and Services Compliance Transport	Total water use Total recycling and reuse of water
<b>Social</b>	Employment and decent work Industrial Relations Health and Safety Training and education Diversity and opportunity	Geographical breakdown of workforce by status, employment type, employment contract.

# Global Reporting Initiative – GRI: G3.1

G3.1 is a finalized update of GRI's Sustainability Reporting Guidelines.

The G3.1 Guidelines are an update and completion of the third generation of GRI's Sustainability Reporting Guidelines, G3. The Guidelines are the cornerstone of GRI's Reporting Framework.

G3.1 includes expanded guidance for reporting on human rights, local community impacts, and gender.

The G3.1 Guidelines are made up of two parts.

Part 1 features guidance on **how to report**.

Part 2 features guidance on what should be reported, in the form of **Disclosures on Management Approach** and **Performance Indicators**.

# GRI: G3 Reporting Framework



- **Guidelines:** general principles of measurement and communication of core contents of reporting
- **Protocols:** definition, scope and methodology to calculate indicators
- **Sector Supplements:** Financial Services, Logistics and Transportation, Mining and Metals, Public Agency, Tour Operators, Telecommunications, Automotive

## INDICATOR HIERARCHY KEY

### Categories (6)

#### ASPECTS

**XX01 Core Indicators** are those Indicators identified in the GRI Guidelines to be of interest to most stakeholders and assumed to be material unless deemed otherwise on the basis of the GRI Reporting Principles.

**XX01 Additional Indicators** are those Indicators identified in the GRI Guidelines that represent emerging practice or address topics that may be material to some organizations but not generally for a majority.

## Principles for Defining Report Content

**MATERIALITY** The information in a report should cover topics and Indicators that reflect the organization's significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of stakeholders.

**STAKEHOLDER INCLUSIVENESS** The reporting organization should identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interests.

**SUSTAINABILITY CONTEXT** The report should present the organization's performance in the wider context of sustainability.

**COMPLETENESS** 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.

## Principles for Ensuring Report Quality

**BALANCE** The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.

**COMPARABILITY** Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and could support analysis relative to other organizations.

**ACCURACY** The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.

**TIMELINESS** Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.

**CLARITY** Information should be made available in a manner that is understandable and accessible to stakeholders using the report.

**RELIABILITY** Information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.

# Global Reporting Initiative – GRI: G3.1

- According to a triple bottom line approach, G3.1's Performance Indicators are organized into **categories**:
  - Economic
  - Environment
  - Social
- The **Social category** is broken down further by the following sub-categories:
  - Labor
  - Human Rights
  - Society
  - Product responsibility
- **Indicator Protocols** are the 'recipe' behind the Performance Indicators; they define key terms in the Indicator, compilation methodologies, the intended scope and relevance of the Indicator, and technical references.  
Indicator Protocols provide guidance on how Disclosures on Management Approach and Performance Indicators should be reported.

# G3 Reporting Framework: environmental indicators



## Environmental

### MATERIALS

- EN1** Materials used by weight or volume.
- EN2** Percentage of materials used that are recycled input materials.

### ENERGY

- EN3** Direct energy consumption by primary energy source.
- EN4** Indirect energy consumption by primary source.
- EN5** Energy saved due to conservation and efficiency improvements.
- EN6** Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.
- EN7** Initiatives to reduce indirect energy consumption and reductions achieved.

### WATER

- EN8** Total water withdrawal by source.
- EN9** Water sources significantly affected by withdrawal of water.
- EN10** Percentage and total volume of water recycled and reused.

### BIODIVERSITY

- EN11** Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
- EN12** Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
- EN13** Habitats protected or restored.
- EN14** Strategies, current actions, and future plans for managing impacts on biodiversity.
- EN15** Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

### EMISSIONS, EFFLUENTS, AND WASTE

- EN16** Total direct and indirect greenhouse gas emissions by weight.
- EN17** Other relevant indirect greenhouse gas emissions by weight.
- EN18** Initiatives to reduce greenhouse gas emissions and reductions achieved.
- EN19** Emissions of ozone-depleting substances by weight.
- EN20** NO, SO, and other significant air emissions by type and weight.
- EN21** Total water discharge by quality and destination.
- EN22** Total weight of waste by type and disposal method.
- EN23** Total number and volume of significant spills.

- EN24** Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

- EN25** Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.

### PRODUCTS AND SERVICES

- EN26** Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
- EN27** Percentage of products sold and their packaging materials that are reclaimed by category.

### COMPLIANCE

- EN28** Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

### 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.

### OVERALL

- EN30** Total environmental protection expenditures and investments by type.



# G3 Reporting Framework: social indicators



## Human Rights

### INVESTMENT AND PROCUREMENT PRACTICES

- HR1** Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.
- HR2** Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.
- HR3** Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

### NON-DISCRIMINATION

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

### FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

- HR5** 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.

### CHILD LABOR

- HR6** Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor

### FORCED AND COMPULSORY LABOR

- HR7** Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.

### SECURITY PRACTICES

- HR8** Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

### INDIGENOUS RIGHTS

- HR9** Total number of incidents of violations involving rights of indigenous people and actions taken.

## Labor Practices and Decent Work

### EMPLOYMENT

- LA1** Total workforce by employment type, employment contract, and region.
- LA2** Total number and rate of employee turnover by age group, gender, and region.
- LA3** Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

### LABOR/MANAGEMENT RELATIONS

- LA4** Percentage of employees covered by collective bargaining agreements.
- LA5** Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

### OCCUPATIONAL HEALTH AND SAFETY

- LA6** Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.
- LA7** Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region.
- LA8** Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
- LA9** Health and safety topics covered in formal agreements with trade unions.

### TRAINING AND EDUCATION

- LA10** Average hours of training per year per employee by employee category.
- LA11** Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
- LA12** Percentage of employees receiving regular performance and career development reviews.

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

# G3 Reporting Framework: social indicators



## Society

### COMMUNITY

**SO1** Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

### CORRUPTION

**SO2** Percentage and total number of business units analyzed for risks related to corruption.

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

**SO4** Actions taken in response to incidents of corruption.

### PUBLIC POLICY

**SO5** Public policy positions and participation in public policy development and lobbying.

**SO6** Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

### ANTI-COMPETITIVE BEHAVIOR

**SO7** Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.

### COMPLIANCE

**SO8** Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

## Product Responsibility

### CUSTOMER HEALTH AND SAFETY

**PR1** 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.

**PR2** Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.

### PRODUCT AND SERVICE LABELING

**PR3** Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

**PR4** Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

**PR5** Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

### MARKETING COMMUNICATIONS

**PR6** Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

**PR7** Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

### CUSTOMER PRIVACY

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

### COMPLIANCE

**PR9** Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

# G3 Reporting Framework: economic indicators



## Economic

### 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.
- EC2** Financial implications and other risks and opportunities for the organization's activities due to climate change.
- EC3** Coverage of the organization's defined benefit plan obligations.
- EC4** Significant financial assistance received from government.

### MARKET PRESENCE

- EC5** Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.
- EC6** Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.
- EC7** Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.

### INDIRECT ECONOMIC IMPACTS

- EC8** Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
- EC9** Understanding and describing significant indirect economic impacts, including the extent of impacts.

# GRI: G4 Reporting Framework

The GRI Sustainability Reporting Guidelines are periodically reviewed to provide the best and most up-to-date guidance for effective sustainability reporting.

Recently G4, the fourth such update, was developed, to be universally applicable to all organizations, large and small, across the world.

G4 guidelines aim “to help reporters prepare sustainability reports *that matter*, contain *valuable information* about the organization’s most critical sustainability-related issues, and make such sustainability reporting *standard practice*.”

Together with the aim of being *more user-friendly* than previous versions of the Guidelines, G4 was developed to increase emphasis on the need for organizations to focus the reporting process and final report on **those topics that are material to their business and their key stakeholders**.

This ‘**materiality**’ focus will make reports more relevant, more credible and more user-friendly. This will, in turn, enable organizations to better inform markets and society on sustainability matters” .

# GRI: G4 Reporting Framework



Reports published after 31 December 2015 have to be prepared in accordance with the G4 Guidelines.

The Principles are divided into two groups: Principles for Defining Report Content and Principles for Defining Report Quality.

The Principles for **Defining Report Content** describe the process to be applied to identify what content the report should cover by considering the organization's activities, impacts, and the substantive expectations and interests of its stakeholders.

The Principles for **Defining Report Quality** guide choices on ensuring the quality of information in the sustainability report, including its proper presentation.

The quality of the information is important to enable stakeholders to make sound and reasonable assessments of performance, and take appropriate actions.

## Principles for Defining Report Content

- ***Stakeholder Inclusiveness***

The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.

- ***Sustainability Context***

The report should present the organization's performance in the wider context of sustainability.

- ***Materiality***

The report should cover aspects that:

- Reflect the organization's significant economic, environmental and social impacts; or
- Substantively influence the assessments and decisions of stakeholders

- ***Completeness***

The report should include coverage of material Aspects and their Boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period.

## Principles for Defining Report Quality

- **Balance**

The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.

- **Accuracy**

The reported information should be sufficiently accurate and detailed for stakeholders to assess the organization's performance.

- **Timeliness**

The organization should report on a regular schedule so that information is available in time for stakeholders to make informed decisions.

- **Clarity**

The organization should make information available in a manner that is understandable and accessible to stakeholders using the report.

- **Reliability**

The organization should gather, record, compile, analyze and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information.

# GRI: G4 Reporting Framework



## Standard disclosure

There are two different types of Standard Disclosures: General Standard Disclosures and Specific Standard Disclosures.

### ***GENERAL STANDARD DISCLOSURES***

They are applicable to all organizations preparing sustainability reports:

- Strategy and Analysis
- Organizational Profile
- Identified Material Aspects and Boundaries
- Stakeholder Engagement
- Report Profile
- Governance
- Ethics and Integrity

### ***SPECIFIC STANDARD DISCLOSURES***

- Disclosures on Management Approach: DMA provides narrative information on how an organization identifies, analyzes, and responds to its actual and potential material economic, environmental and social impacts.
- Indicators



# SPECIFIC STANDARD DISCLOSURES: Indicators

**TABLE 5: CATEGORIES AND ASPECTS IN THE GUIDELINES**

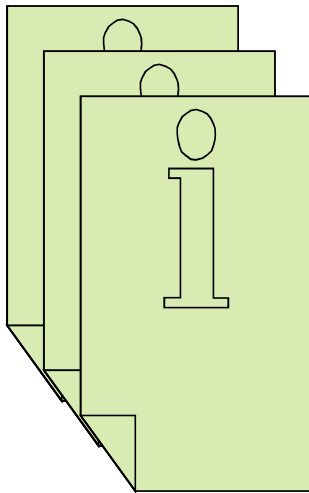
Category	Economic		Environmental	
Aspects <sup>IV</sup>	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Market Presence</li> <li>• Indirect Economic Impacts</li> <li>• Procurement Practices</li> </ul>		<ul style="list-style-type: none"> <li>• Materials</li> <li>• Energy</li> <li>• Water</li> <li>• Biodiversity</li> <li>• Emissions</li> <li>• Effluents and Waste</li> <li>• Products and Services</li> <li>• Compliance</li> <li>• Transport</li> <li>• Overall</li> <li>• Supplier Environmental Assessment</li> <li>• Environmental Grievance Mechanisms</li> </ul>	
Category	Social			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects <sup>IV</sup>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Labor/Management Relations</li> <li>• Occupational Health and Safety</li> <li>• Training and Education</li> <li>• Diversity and Equal Opportunity</li> <li>• Equal Remuneration for Women and Men</li> <li>• Supplier Assessment for Labor Practices</li> <li>• Labor Practices Grievance Mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Investment</li> <li>• Non-discrimination</li> <li>• Freedom of Association and Collective Bargaining</li> <li>• Child Labor</li> <li>• Forced or Compulsory Labor</li> <li>• Security Practices</li> <li>• Indigenous Rights Assessment</li> <li>• Supplier Human Rights Assessment</li> <li>• Human Rights Grievance Mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Local Communities</li> <li>• Anti-corruption</li> <li>• Public Policy</li> <li>• Anti-competitive Behavior</li> <li>• Compliance</li> <li>• Supplier Assessment for Impacts on Society</li> <li>• Grievance Mechanisms for Impacts on Society</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Health and Safety</li> <li>• Product and Service Labeling</li> <li>• Marketing Communications</li> <li>• Customer Privacy</li> <li>• Compliance</li> </ul>

# GRI: GRI Standards (2016)



- Universal standards: 100 series. It includes 3 universal standards applicable for every organization
  - ✓ GRI 101 Foundation 2016
  - ✓ GRI 102 General disclosures 2016
  - ✓ GRI 104: Management approach 2016
- Economic standard: 200 series (GRI 201-GRI 206)
- Environmental standard: 300 series (GRI 301-GRI 308)
- Social standard: 400 series (GRI 401-GRI 419)
- GRI standard glossary

# Sustainability disclosure: the main documents



- ✓ Annual report integrated with environmental and social indicators
  - ✓ Environmental report
  - ✓ Social report
  - ✓ Sustainability report
  - ✓ Integrated reporting
  - ✓ **Non financial reporting directive**
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- ✓ Sustainability managerial reporting

# Non financial reporting directive

- Directive 2014/95/EU
  - ✓ It lays down the rules on disclosure of non-financial and diversity information by large companies
  - ✓ It applies to large public-interest companies with more than 500 employees (about 6,000 large companies and groups across the EU)
  - ✓ Information to be disclosed: environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery, diversity on company boards
  
- Decreto legislativo n. 254/30 dicembre 2016
  - ✓ Issued in Italy on 25/01/2017
  - ✓ It concerns the application of Directive 2014/95/EU