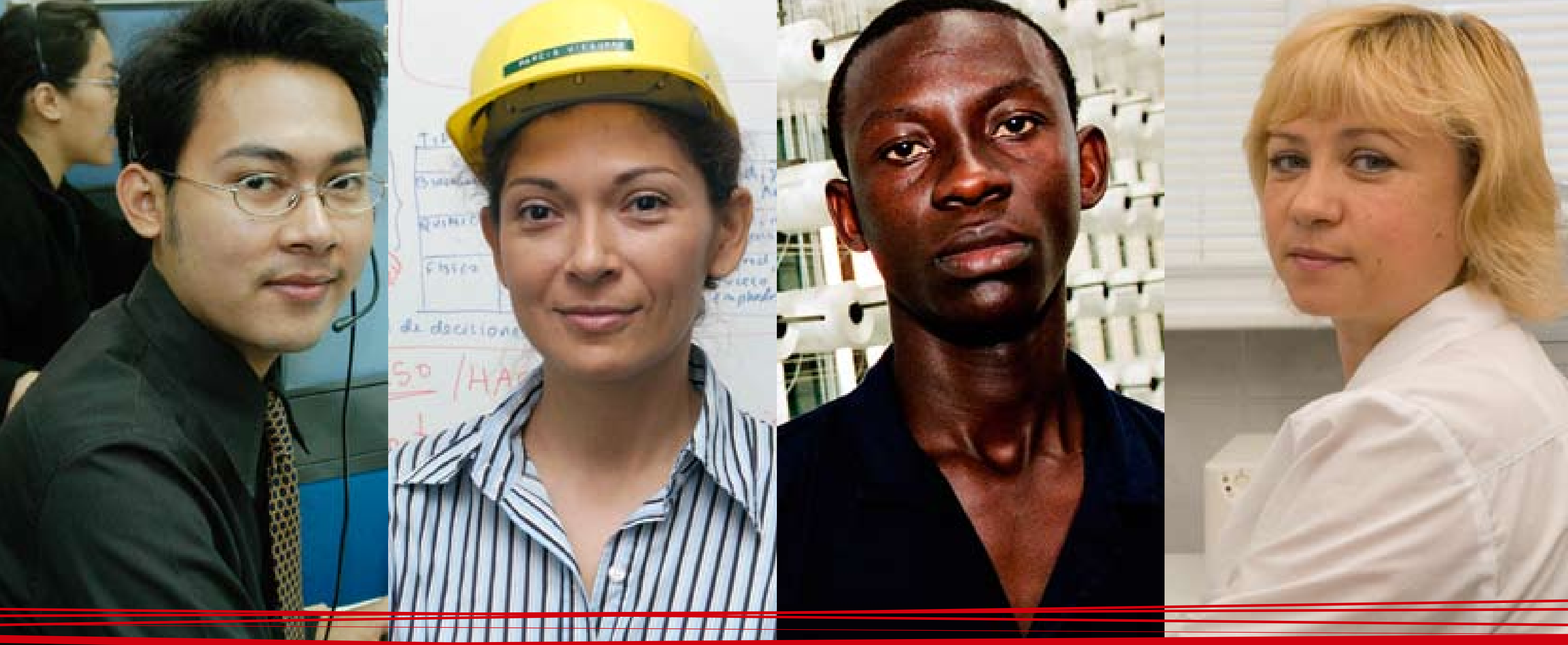

GLOBAL REPORTING INITIATIVE (GRI)
A TRADE UNION CHECKLIST
WHAT TRADE UNIONISTS NEED TO KNOW ABOUT THE G3 REPORTING FRAMEWORK

A project undertaken by the Trade Union Advisory Committee to the OECD
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THE CHECKLIST

MONITORING THE REPORTING PROCESS

☑ **1** Does management's interpretation of the G3 encompass a rights-based approach to labour and employment issues as defined under national and international laws and regulations? The G3 allows considerable latitude in interpretation in the implementation by company management.

☑ **2** Did management consult with trade unions when preparing the reports and has it recognised industrial relations as one of the most important forms of "stakeholder engagement"? The likely pitfalls and mistakes are well understood and it is important that these are avoided during the reporting process by management.

☑ **3** Does the scope of the report cover all operations, entities and workforce that come under significant influence of the company, regardless of legal ownership or contractual terms?

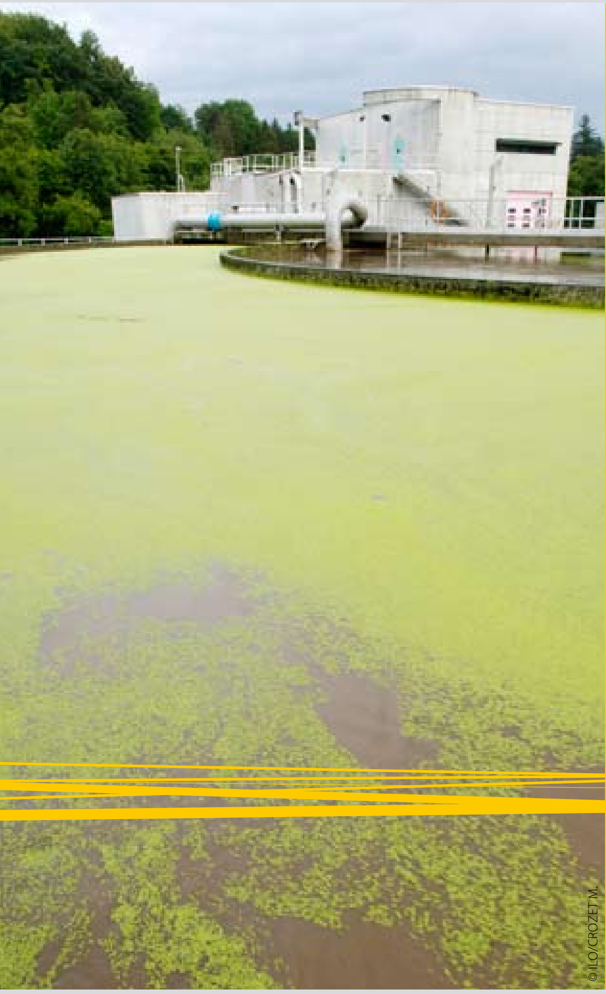
MINIMUM REPORTING REQUIREMENTS

☑ **4** Does the report provide an introductory statement by the CEO referring to internationally agreed standards (such as the ILO core labour standards)? Information on changes in the workforce, restructuring operations and the share ownership structure, including for the purpose of shareholder remuneration, should be included in the general presentation.

☑ **5** Does the report provide information on works councils, board level employee representation and other regulated or independent forms of worker representation and have sustainability issues been addressed by these bodies?

☑ **6** Does the report contain information on at least 10 performance indicators and are a third of these labour and employment-related? It is important to give particular attention to indicators LA1 (workforce by employment type and contract), LA4 (coverage of collective bargaining agreements), LA5 (inimum notice period) and LA7 (rates of OHSE incidents).

ABOUT THE GRI



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The Global Reporting Initiative (GRI) is a non-governmental organisation, which has developed a common reporting framework known as the GRI Sustainability Reporting Guidelines or the 'G3'. Its aim is to guide companies in their preparation of "corporate social responsibility" or "sustainability" reports.

The G3 is a general reporting framework, which can be used in all countries and jurisdictions. A report prepared according to the G3 is meant to provide the basis for assessing the social and environmental impacts of a company. However, such reports should not be regarded as proof or certification of "good" social or environmental behaviour by the reporting organisation.

G3 reports are intended for the general public and especially those individuals or groups interested in the company's social responsibility or its contribution to sustainable development. For this reason it is important that a G3 report can be understood by non-specialists.

The GRI is a multi-stakeholder, not business only initiative. As such its reporting guidelines were developed through a process involving inputs from companies, non-governmental organisations (NGOs), trade unions and others. Because the GRI is a global organisation, trade union representatives are nominated through the Council of Global Unions.

This Checklist is targeted at trade unionists and other worker representatives with an interest in monitoring and assessing the sustainability reporting process of companies. It provides guidance on what to look for in a sustainability report that is supposed to be in compliance with the GRI framework. It takes a neutral stance with regard to the GRI and the G3 reporting framework. It does not advocate for or against the GRI or for or against corporate sustainability reporting in general.

FOR A MORE IN-DEPTH ANALYSIS OF THE GRI AND THE G3 FRAMEWORK, SEE: THE GRI WEBSITE WWW.GLOBALREPORTING.ORG

THE TRADE UNION GUIDE TO THE GRI ON THE WEBSITE OF THE INTERNATIONAL TRADE UNION CONFEDERATION (ITUC).
WWW.ITUC-CSI.ORG/IMG/PDF/08-05-08_GRI_GUIDE.FINALEN.PDF

A TARGET REPORTING STANDARD

☑ **7** Is adherence to internationally-agreed standards referenced in the report; e.g., OECD and ILO instruments on corporate responsibility? Does disclosure on stakeholder engagement refer to collective bargaining and any other forms of agreement or dialogue with trade unions; e.g., the Global Unions International Framework Agreements?

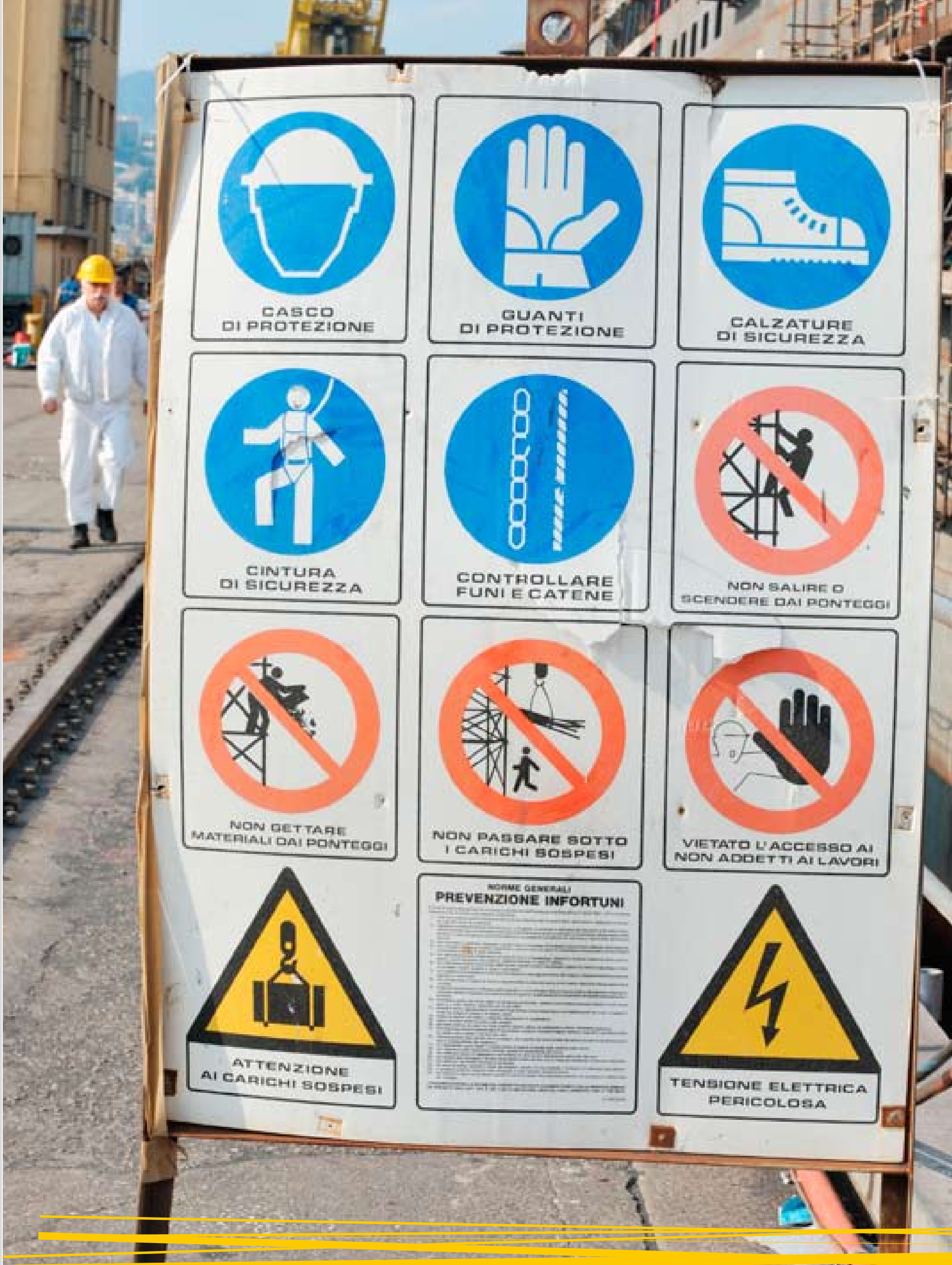
☑ **8** Does the report contain specific information on management policy and procedures to uphold labour and human rights within the company's operations, including freedom of association and collective bargaining?

☑ **9** Does the report include at least 20 performance indicators? In addition to LA1, LA4, LA7, particular attention should be paid to LA2 (employee turnover), LA14 (gender ratio of basic salary) and HR5 (freedom of association).

SUSTAINABILITY REPORTING FOR RESPONSIBLE INVESTMENT

☑ **10** Does the report disclose how the company communicates with shareholders on sustainability issues?

☑ **11** Do trade union-appointed pension trustees and other trade union-appointed directors whose financial institutions make them shareholders of the reporting company actively promote reporting of non-financial performance?



ABOUT THE G3 GUIDELINES

The G3 framework consists of two main parts:

Part 1 'Defining Report Content, Quality and Boundary': provides guidance on how companies should select issues and report on them within the G3 framework.

Part 2 'Standard Disclosures': the core of the G3, sets out three categories of disclosure items:

- ***Profile disclosures*** ask for general information about the company;
- ***Disclosure on Management Approach*** (Hemeafter the DMA) expands the *Profile disclosures* into six specific. topics: Environment, Economic, Labour Practices and Decent Work, Human Rights, Society, and Product Responsibility;
- ***Performance Indicators*** require quantitative and qualitative disclosure on specific issues. There are 79 indicators divided as follows: Economic (9), Environmental (30), Labour Practices and Decent Work (14), Human Rights (9), Society (8) and Product Responsibility (9).

Additional reporting guidance is provided by the GRI *Sector Supplements*, which currently cover 12 industrial sectors.

The G3 does not require companies to follow a standard presentation in their reporting. However, GRI-based reports must include (normally at the end of the report) a 'GRI Content Index' listing all G3 disclosure items contained in the report.

MONITORING THE REPORTING PROCESS

To a large extent it is the application of the G3 reporting processes that will determine the quality of the report. The following highlight some aspects of the G3 reporting process that trade unions should expect from the management in charge of the reporting process.

1 Does management's interpretation of the G3 encompass a rights-based approach to labour and employment issues as defined under national and international laws and regulations? The G3 allows considerable latitude in interpretation in the implementation by company management.

The G3 guidelines allow for considerable discretion in both the content of the report and in the process used in developing the report. The quality of a GRI report will depend on how management chooses to interpret the G3 reporting principles as explained in Part 1 'Defining Report Content, Quality and Boundary' of the framework. Two of these principles are particularly important:

The Materiality Principle is used to determine the topics that will be selected in preparing the company report. Materiality concerns the relevance and significance of the information provided – the best test is whether omitting this information would influence the assessments made or the decisions taken. An information item is thus 'material' if it is important (i) to the company's specific activities, or (ii) to the stakeholders of the company. A series of tests for materiality are listed in the G3; for example:

- Do the issues correspond to the interests/expectations of employees, shareholders, and/or suppliers?
- Are they addressed by other stakeholders, peers or competitors?
- Are they key to assessing compliance with relevant laws, regulations and international agreements of strategic significance to the organization and its stakeholders?

The Stakeholder Inclusiveness *Principle* means that an organisation "should identify its stakeholders and explain how it has responded to their reasonable expectations and interests". The GRI's definition of "stakeholders" is excessively broad. Because of this, there is a danger that companies will choose some stakeholders that are not really important or genuine and at the same time overlook others that are very important. Against this risk, the G3 stipulates that the process of identification of stakeholders must include any entities "whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organisation".

FOR FURTHER EXPLANATION: SEE ALSO G3 REPORTING PRINCIPLES– DEFINING REPORT CONTENT, PAGE 8-11

2 Did management consult with trade unions when preparing the reports and has it recognised industrial relations as one of the most important forms of "stakeholder engagement"? The likely pitfalls and mistakes are well understood and it is important that these are avoided during the reporting process by management.

The G3 requires that management adequately explain how they have prioritised stakeholder groups and that they distinguish between those "who are invested in the company (e.g., employees, shareholders, suppliers)" and those "who are external to the organization' (e.g., communities)". In this regard, collective bargaining and agreements must be recognised as one of the most fundamental stakeholder engagements for a company. It is also important to check the institutional arrangements of the stakeholder

engagements, because all representative bodies and/or personalities (expert panels and *ad hoc* consultation processes) must clearly be independent from management.

The GRI provides guidance on how to conduct a reporting process. Although it is unlikely that trade unions will be involved at every stage in the preparation of a report, the G3 makes it clear that trade unions should be consulted by management during the process of preparing a corporate social responsibility or sustainability report. In addition, other regulated employee representation bodies, such as works councils, European works councils and board level employee representatives, should be consulted.

SEE: G3 REPORTING PRINCIPLES – DEFINING REPORT CONTENT PAGE 10-11

3 Does the scope of the report cover all operations, entities and workforce that come under significant influence of the company, regardless of legal ownership or contractual terms?

The G3 has specific guidance on which entities should be included in the reporting process. According to its section on *Reporting Guidance for Boundary Setting*, the report should cover all entities over which the company exercises control or significant influence, including the supply chain.
In addition, reporting on the workforce as required by indicator LA1 should include not only employees of the reporting company (disaggregated by types of contracts: permanent, fix term, temporary) but also "supervised workers" who work on site but are employed by a separate company.

SEE G3 REFERENCE: REPORTING PRINCIPLES – DEFINING QUALITY, PAGE 17-19 & LA1 INDICATOR

Trade unions may want to engage in dialogue with management over the content of sustainability/social responsibility reports after they are published. Some trade unions may also seek to influence the process leading to the preparation and publication of the report. In this context it is useful to be aware of the mistakes that management can make in the preparation of these reports and the potential pitfalls.

STEPS IN A MODEL GRI REPORTING PROCESS	POTENTIAL RISKS AND MIS-INTERPRETATIONS
■ Identification of goals and impacts ■ Agreement on process and outcome.	■ Orientating the report toward company objectives and the sustainability of the company only, and not toward its responsibility to others and its contributions to sustainable development
■ Mapping out, 'prioritisation' and consultation of stakeholders in accordance with the Stakeholder Inclusiveness Principle.	■ Overlooking important "internal" stakeholders such as workers and their trade unions ■ Selecting inappropriate stakeholders that are neither representative nor independent of management
■ Listing all inputs received from: ▪ inside the management ▪ internal and external stakeholders ■ Passing them through the: ▪ materiality test ▪ sustainability context test ▪ completeness test ■ Verifying: ▪ availability of information ▪ cost of gathering information	■ Giving too much weight to the concerns of some stakeholders and not enough to others; ■ Giving insufficient attention to social aspects of sustainable development ■ Avoiding reporting important information on the grounds of cost or business confidentiality
■ Approve indicators to monitor, report on and future goals. ■ Translate the outcome into G3 disclosure items and choice of the application level	■ Misinterpretation of the G3 disclosure items: Profile disclosure, Disclosure Management Approach and/or Indicators ■ 'Quantitative' bias and omission of narrative disclosure on management policy ■ Choosing the wrong application level – either too ambitious or too limited;
■ Check were you are (use of self-assessment tools) ■ Change business procedures and management systems if necessary	■ Internal re-organisation, including outsourcing, that negatively impact on the rights of trade unions to consultations
■ Data collection ■ Monitor and control the indicators	
■ Come to conclusions (both negative and positive) and approve conclusions to be published; ■ Define communication method and plan; ■ Write the report, communicate and distribute the report.	■ Making adjustments to the report because the outcomes are not sufficiently favourable ■ Diminishing the importance of social issues through the organisation of the report (e.g., transferring key information on labour management outside the core part of the report to annex documents and/or web pages)

MINIMUM REPORTING REQUIREMENTS

Once the reporting process is set, companies must self-declare to which level they have complied with the G3 framework when claiming that a report is GRI-based. There are three application levels, from least demanding to the most demanding.

C: Partial reporting on the profile disclosure and a self-selection of 10 indicators;

B: Full reporting on the profile disclosures, on all DMAs and on 20 indicators;

A: Full reporting on the profile disclosures, on all DMAs and on all core indicators. The following lists three 'basic' expectations of a report that is self declared as complying with the least demanding level of the G3: the C-level

4 Does the report provide an introductory statement by the CEO referring to internationally agreed standards (such as the ILO core labour standards)? Information on changes in the workforce, restructuring operations and the share ownership structure, including for the purpose of shareholder remuneration, should be included in the general presentation.

All reports, must include a statement from the most senior decision-maker of the company (typically the CEO or Chair of the Board) addressing the "strategic priorities, risk and opportunities for the medium term 3-5 years". Strategic priorities must include "respect for internationally agreed standards and how they relate to long-term organizational strategy and success", which in the case of industrial relations translate into referencing the ILO core labour standards.

The organisational profile section of the G3 requires a basic description of the company. While most of this information will be known by the trade unions, some specifics are worth noting:

- number of employees disaggregated per country.
- openings, restructuring and closings of operations in the past year.
- changes in the share capital structure and 'other capital formation, maintenance, and alteration operations'. Under the latter, the company is required to report the value of any 'share-buy back' programmes.

SEE G3 REFERENCE: DISCLOSURE ITEMS 1.1, 2.8 & 2.9

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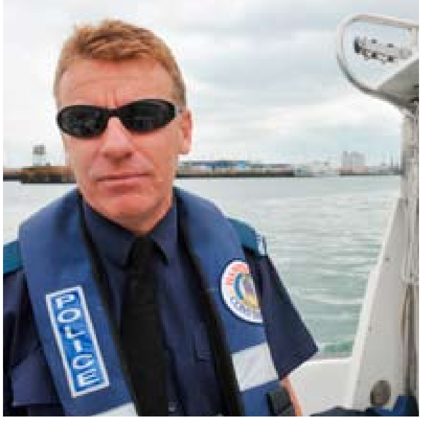

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5 Does the report provide information on works councils, board level employee representation and other regulated or independent forms of worker representation and have sustainability issues been addressed by these bodies?

Companies are required to list the stakeholder groups that are engaged directly in the activities of the company as well as for sustainability reporting, and to explain the criteria for their identification and selection. The Governance section of the G3 requires information on the organisation and composition of the Board of Directors and how the Board deals with sustainability issues.
Importantly, the G3 C-level requires disclosure of "mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body". More specifically, the G3 requires disclosure of mechanisms for information and consultation of workers, including regulated 'works councils' and board-level employee representation.

SEE G3 REFERENCE: DISCLOSURE ITEM 4.4

6 Does the report contain information on at least 10 performance indicators and are a third of these labour and employment-related? It is important to give particular attention to indicators LA1 (workforce by employment type and contract), LA4 (coverage of collective bargaining agreements), LA5 (Minimum notice period) and LA7 (rates of OHSE incidents).

Even the least demanding C-level application requires a company to report on a number of general *Profile disclosure* items and on 10 indicators (out of 79), including at least one from each of the three pillars of sustainability: environment, social and economic. Some indicators are quantitative. For example, Labour indicator n° 2 (LA2) requires disclosure of the "Total number and rate of employee turnover by age group, gender, and region". Others require some narrative statement. For example Society indicator n°5 (SO5) requires disclosure of "Public policy positions and participation in public policy development and lobbying". Each indicator has a "protocol" which is a 2-3 page document that provides guidance on how to compile information and data, defines key terms, and lists relevant documentation and international or regional agreements and standards. Not all of the G 3 indicators are considered valid measures.[1]
While the selection might be specific to a company's activities and sector, a reasonable expectation is that at least a third of the indicators be labour and employment-related. The Annex to the ITUC Guide provides useful insight on the value and relevance of each of the social indicators, which local unions should assess according to their company's specific needs and priorities.

Within a selection of 10 indicators, a sample group of 3-4 labour-related indicators may include:

- **LA1** Total workforce by employment type, employment contract, and region.
- **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.
- **LA7** Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.

Other important indicators are:

- **LA14** Ratio of basic salary of men to women by employee category.
- **HR5** Operations in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.
- **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.

SEE G3 REFERENCE: DISCLOSURE ITEM – PERFORMANCE INDICATORS

1 See the ITUC Guide for a discussion of the validity of the labour and human rights indicators. www.ituc-csi.org/IMG/pdf/08-05-08_GRI_Guide.finalEN.pdf

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A TARGET REPORTING STANDARD

Most companies, particularly large groups and multinational enterprises, will choose to base their reporting process on 'B' if not 'A' level GRI application levels. If so, trade unions should expect the following disclosures, over and above the 'basic expectations', in their company's annual sustainability report.


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7 Is adherence to internationally-agreed standards referenced in the report; e.g., OECD and ILO instruments on corporate responsibility? Does disclosure on stakeholder engagement refer to collective bargaining and any other forms of agreement or dialogue with trade unions; e.g., the Global Unions International Framework Agreements?

The company should report on its adherence to internally and/or externally-developed CSR initiatives and codes. Reports on in-house codes of conduct should specify if these are related to internationally-agreed standards. Compliance with the OECD Guidelines for Multinational Enterprises and the ILO's Tripartite Declaration on Multinational Enterprises and Social Policy should be reported under this section.

Any 'stakeholder engagement' activities should be reported, including "surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures, and other vehicles". Collective bargaining, including for international framework agreements, belongs here as a most important forms of stakeholder engagement as workers are always amongst the most important stakeholders. Unfortunately, companies may well be tempted to under-report their relationship with unions and collective bargaining, and to highlight instead management-controlled and human resources tools such as employee surveys and expert panels.

SEE G3 REFERENCE: DISCLOSURE ITEMS 1.2, 4.16, 4.17

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8 Does the report contain specific information on management policy and procedures to uphold labour and human rights within the company's operations; including freedom of association and collective bargaining?

Unlike the C-level application, A and B levels require disclosure of a company's management approach to specific issues, including labour and human rights. The "Disclosure on Management Approach" requires disclosure of goals and performance, policy and the internal organisation of management to achieve these goals, monitoring and follow-up procedures as well as "corrective actions, including those related to the supply chain". Trade unionists should be forewarned about the use of any private certification by companies, as it could be a means of avoiding trade unions or of promoting the idea that they are unnecessary.

SEE G3 REFERENCE: DISCLOSURE ITEM 5

9 Does the report include at least 20 performance indicators? In addition to LA1, LA4, LA7, particular attention should be paid to LA2 (employee turnover), LA14 (gender ratio of basic salary) and HR5 (freedom of association).

B-level application requires a company to report on at least 20 indicators, while the A-level requires reporting on all core indicators or an explanation for those that are omitted. The 20 B-level indicators should include the essential labour and employment-related indicators listed in the previous section, as well as:

- **LA2 –** Total number and rate of employee turnover by age group, gender, and region.
- **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.
- **EC 3** – Coverage of the organisation's defined benefit plan obligations

With regard to discrimination issues, indicator **HR4** requires disclosure of the "Total number of incidents of discrimination and actions taken". According to the ITUC Guide, it would be "unreasonable and unrealistic to expect any company to report this". Instead, trade unions might want to request disclosure on the steps taken to ensure that discrimination does not take place in the company.

Among the non-labour indicators, the following environmental indicators have direct relevance for workers' occupational health and safety environment:

- **EN7** – Initiatives to reduce indirect energy consumption and reductions achieved.
- **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.
- **EN29** – Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

Similarly, the following 'society' indicators may be relevant to trade unions:

- **SO 4** – Actions taken in response to incidents of corruption
- **SO 5** – Public policy positions and participation in public policy development and lobbying

SEE G3 REFERENCE: DISCLOSURE ITEM – PERFORMANCE INDICATORS

SUSTAINABILITY REPORTING FOR RESPONSIBLE INVESTMENT

The G3 is focussed on the reporting company and poorly addresses the role and responsibilities of its shareholders in promoting corporate transparency and reporting. However the GRI can nonetheless serve to support trade union organisations that have initiated or supported initiatives to ensure a responsible and long term investment policy for their pension funds. The following describes an important disclosure item of the G3 regarding shareholders, as well as an additional expectation which is not included in the G3 but is linked to responsible investment initiatives for companies whose ownership structure includes pension funds and other institutional investors.

10 Does the report disclose how the company communicates with shareholders on sustainability issues?

The G3 requires a GRI report to disclose "mechanisms for shareholders to provide recommendations or direction to the highest governance body" including on sustainability issues. This information may be of importance for trade unions wishing to emphasise the risks of financial short-termism. Short-termism includes shareholders' excessive preoccupation with quarterly corporate results reporting and day-to-day share price fluctuations. More broadly it refers to any attempt to extract maximum short-term financial value from companies to the detriment of the long-term interests of the company, its workers and other key stakeholders.

SEE G3 REFERENCE: DISCLOSURE ITEM 4.4

11 Do trade union-appointed pension trustees and other trade union-appointed directors whose financial institutions make them shareholders of the reporting company actively promote reporting of non-financial performance?

Trade unions and their members have an interest in socially responsible investment (SRI) issues, particularly as regards pension funds that are invested on behalf of trade union members and other workers. This is especially but not exclusively true for jurisdictions where pension financing relies extensively on pre-funded schemes. At the international level, the Global Unions Committee on Workers' Capital (workerscapital.org) is the central forum for international trade union co-operation on those issues.

The combined use of the G3 by the invested company with SRI-focussed standards and initiatives can contribute to improved shareholder responsible and long term behaviour. For example the Principles for Responsible Investment (PRI) commit signatories to "seek appropriate disclosure on ESG issues by the entities in which [they] invest" and reference the GRI as an important initiative to ensure such disclosure.

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A project undertaken by the Trade Union Advisory Committee to the OECD
www.tuac.org
15, rue La Pérouse
75016 Paris – France
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TUAC

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