Mind the Gap! Strategically Driving GRI Reporting Towards Sustainability

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Abstract: Sustainability reporting is a vital tool to communicate an organisation’s sustainability performance to stakeholders. Sustainability reporting also allows an organisation to communicate its vision, goals and strategic plans. In order to be strategic towards sustainability, an organisation should have a vision of where it wants to go, and assess where it is today, so as to take the right initiatives towards its vision. This thesis focuses on how GRI sustainability reporting and strategic planning towards sustainability can be combined in an integrated process to help organisations move towards sustainability. The Integrated Process allows an organisation to gain a better understanding of its sustainability context; design resilient strategies in light of that context using a backcasting from Sustainability Principles approach; and report its sustainability performance and progress in bridging the gap towards sustainability, transparently to internal and external stakeholders.

Keywords: sustainability reporting, strategic sustainable development, GRI, strategic planning, systems thinking, Sustainability Principles, backcasting, sustainability context, transparency.
Statement of Contribution

We wanted to combine our professional experience in large organisations with what we learned in the MSLS programme. Edwin gained experience with change projects as a management consultant primarily in the financial and service industries. Selene had an engineering background with experience in implementing standards within food safety and energy insurance. While working at GRI, Rutger managed capacity building programs with multinationals and their suppliers to embed and foster sustainability, transparency and accountability within the value chain.

Edwin set up the initial planning, research methods, selected tools to use. He designed the survey, set up survey results analysis, and ensured written and visual deliverables were in line with academic requirements. Selene excelled in transforming data into initial versions of chapters and in creating a practical version of the prototype. Her impeccable knowledge of referencing and academic research helped us to apply this from the start of the project. Rutger’s previous knowledge and in-depth literary review, contributed to a strong foundation of the research, the first prototype version and later iterations of the Integrated Process. His language skills helped us to clearly express ourselves, and his network of GRI practitioners supported in obtaining research data.

Throughout the entire process, decisions were consensus-based, meetings were held together, administrative tasks were divided and all (supporting) documents and texts were created in collaboration, often in the same physical space. All contributions were reviewed by each group member, and all three members contributed in different ways, complementing one another.

We are proud of the journey and of the result, from both we have learned many things, both collectively and individually.

Sincerely,

Edwin Janssen  Selene Kfoury  Rutger Verkouw

Karlskrona, Sweden 2012
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We thank our shadow group members and all of our colleagues in the MSLS program for their valuable feedback and commentary along the process.

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Executive Summary

Since the Industrial Revolution, exponential increase in demand for resources and ecosystem services has caused such global sustainability impacts as biodiversity loss, climate change, and social inequality. Continuing this unsustainable course, the options available to reverse and solve socio-ecological problems become more limited. To overcome the sustainability challenge, society needs to develop without undermining its fundamental life support systems, creating well-being for all within ecological limits (Robèrt et al. 2000; WWF 2010, 9; MEA 2005). Organisations play a key role in addressing the sustainability challenge, a complex problem that permeates organisations vertically and horizontally, and demands a holistic approach.

Through the act of sustainability reporting, organisations can be held accountable by stakeholders and society at large, to improve management and performance regarding sustainability (Iannou and Serafeim 2011; KPMG 2011). Sustainability reporting is a tool to communicate sustainability performance and organisational culture, and is a vehicle to build relationships with key stakeholders. The Global Reporting Initiative (GRI) is the de facto standard for sustainability reporting and has experienced exponential growth in adoption, since its establishment.

The GRI Reporting Framework does not provide a detailed analysis of organisations’ interactions with, nor a holistic overview of, the socio-ecological system. Furthermore, focusing on internal organisational performance on indicator level can foster a reductionist approach to managing sustainability issues. Thus, organisations face the risk of disclosing sustainability issues that are not really material, and decide on actions or initiatives that do not strategically move organisations, or society, towards sustainability.

As a framework for problem analysis, planning and decision-making, the Framework for Strategic Sustainable Development (FSSD) helps organisations to move towards sustainability. The FSSD makes use of scientifically agreed upon first-order Sustainability Principles, which are: necessary to achieve sustainability; sufficient to cover all aspects of sustainability; general enough to be used in different contexts; concrete enough to guide actions; non-overlapping in order to enable comprehension
and structured analysis of the issues. The FSSD can be implemented using
the ABCD strategic planning process. The ABCD consists of four steps:

A. Building a shared understanding and a compelling Vision.
B. Current Reality assessment of the organisation’s operations.
C. Brainstorm compelling actions towards the Vision.
D. Prioritise actions and a strategic plan to move towards that Vision.

This thesis focuses on how GRI sustainability reporting and strategic
planning towards sustainability can be combined in an integrated process to
help organisations move towards sustainability. The integrated process
combines the core concepts of the FSSD with the core concepts of the GRI
approach (GRI Reporting Framework and the GRI Reporting Process). The
main research question is:

*What could a process that combines GRI sustainability reporting and
strategic planning towards sustainability look like?*

In order to answer the main research question the researchers developed the
following supporting secondary research questions:

1. *What does the FSSD reveal about the GRI approach in moving
organisations towards sustainability?*
2. *What are the experiences of organisations currently using the GRI
approach?*
3. *What should an integrated process look like?*

**Methods**

The research design comprised three phases each answering the respective
research question, and feeding into the next phase:

1. An analysis of the GRI approach, using the FSSD as a tool to
identify strengths and weaknesses of the GRI approach with respect
to moving organisations towards sustainability.
2. An online survey to identify the main experiences of practitioners
with regard to the GRI approach.
3. The development of the Integrated Process was based on the
previous knowledge of the authors, and results of each phase.
Advisory panel feedback was used to refine the Integrated Process.
Results
The process of GRI sustainability reporting does improve organisations’ sustainability performance, however it can foster a reactionary approach to managing sustainability. Goals and targets may be set on indicator level and decisions for improvement may be based on past performance on given indicators. The lack of a holistic approach fosters reductionism, where organisations deal with sustainability as separate, unconnected issues. Overlooking the interrelatedness of sustainability issues, impacts and risks, may result in organisations missing valuable business opportunities in moving towards sustainability.

Survey respondents highlighted various barriers and enablers to apply the GRI Reporting Framework. Important enablers are: reporting enhances trust between organisations and key stakeholders; GRI is comprehensive and a globally recognised standard; and a close connection to strategic planning towards sustainability facilitates sustainability reporting. Important barriers were identified to be: a lack of sustainability-focused strategies; the importance of the Sustainability Context Principle in presenting information in context (although the Framework is perceived to lack sufficient guidance on how exactly to do this).

Some respondents recognised a clear relationship between strategic planning and sustainability reporting; however, the nature of this relationship differed. In theory the two are connected; however some respondents mentioned in practice they are not. The time needed to complete a reporting cycle differs significantly from the strategic planning cycle, although they are intricately linked.

Our advisory panel provided important feedback to refine the integrated process. For example, ensure emphasis is put on explaining GRI reporting should be driven by the organisation’s Vision and strategy. Stress the importance of a systems perspective. Stress the importance of the business case early in the process and link sustainability savings to financial benefits to gain further buy-in and commitment. Ensure distinction between the strategic planning process and the reporting process. Stress the importance of reporting performance (retrospective) and progress (prospective), and ensure the integrated process reflects this.
Discussion
The research indicates that reporting cannot be a stand-alone exercise, as it has not given rise to the levels of sustainability that stakeholders hoped for. The researchers found that a definition of sustainability founded in systems thinking, was essential to facilitate a shared understanding of sustainability, current trends of unsustainability, and the organisation’s current and future role in the larger sustainability context.

From the analysis of the overall results, the researchers noticed a relationship between three elements; sustainability context, sustainability strategy and sustainability reporting. All three elements should be taken into consideration to produce a meaningful sustainability report that documents the bridging of the gap towards sustainability. Together, these three interdependent elements facilitate a continuous learning cycle, as they seem to reinforce each other.

Thus, based on their research the researchers designed an integrated process that allows an organisation to:

- gain a better understanding of the current and future Sustainability Context using the Sustainability Principles;
- design strategies and implement strategic actions in light of that context using a Backcasting from Sustainability Principles approach; and
- communicate sustainability performance and progress to its stakeholders within the Sustainability Context.

Due to the differing timelines of strategic planning and reporting processes, the integrated process is visually separated into two main process flows, a strategic planning process, (including the ABCD process) and a GRI reporting process. Both processes have their own activities and timelines; however, the interrelatedness and interdependencies of activities between both processes is what integrates them.
The Awareness Phase is where organisations build a shared understanding of their role in the larger context of sustainability. In the Gap Analysis Phase organisations design a compelling shared vision of success framed by the four Sustainability Principles and assess the organisation’s current reality, identifying relevant sustainability topics. The Prepare Phase is where the organisation begins to envision the final report (based on the list of relevant sustainability topics identified in the Gap Analysis phase). The gap identified in the previous phase fosters the creative tension needed to begin brainstorming Actions towards the Vision. The Connect Phase is where stakeholders are engaged around initiatives/actions towards sustainability. The Define Phase is where material Aspects and Performance Indicators are selected. In the Monitor Phase, sustainability performance and sustainability progress is measured and actions are implemented. In the Report Phase, organisations communicate and report sustainability performance and progress to stakeholders.

Conclusion
The researchers believe that sustainability reporting is most effective when driven by a strategic approach to sustainability. In order to be strategic towards sustainability, an organisation should have a vision of where it wants to go, and assess where it is today, so as to take the right initiatives towards its vision. This in turn requires an in-depth understanding of the socio-ecological system and the organisation’s current and future role within this system – its sustainability context.

In order to achieve success, organisations should mind the gap towards sustainability. When integrated, GRI and FSSD are complimentary and powerful to help organisations strategically drive GRI reporting towards sustainability.
Glossary

**ABCD Process:** A four-step process that provides a step-wise way of guiding the implementation of the FSSD using backcasting from the four Sustainability Principles in a real-world, organisational context.

**Application Levels:** The application levels (A, B or C) communicate which parts of the GRI Reporting Framework have been addressed and which set of disclosures were applied.

**Aspects:** The general types of information that are related to a specific Indicator Category (e.g. energy use, child labour, etc.).

**Backcasting:** A strategic planning method in which future desired conditions are envisioned and steps are defined to attain those conditions, based on the current reality.

**Capital:** A stock of anything that has the capacity to generate a flow of benefits which are valued by humans and includes: Natural; Human; Social; Manufactured; and Financial Capital.

**Completeness Principle:** 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 organisation’s performance in the reporting period. Completeness primarily encompasses the dimensions of scope, boundary and time.

**Context-Based Sustainability (CBS):** A distinct branch or school of corporate sustainability management that measures, manages and reports sustainability performance relative to specific thresholds for human impacts on vital capitals, conformance to which must be maintained in order for human activity to be sustainable. (See also Appendix H.)

**Disclosures on Management Approach (DMA):** In GRI reporting, the DMA addresses the organisation’s approach to managing the sustainability topics associated with risks and opportunities. It should set the context for performance information, by describing the organisation’s management approach to the Aspects (either by Category or by Aspect).
**Ecosystem Services:** Ecosystem services are the benefits that people obtain from ecosystems (i.e. food, fresh water, waste decomposition, soil formation, nutrient cycling).

**Framework for Strategic Sustainable Development (FSSD):** A systems-based framework that identifies the ecological and societal conditions necessary for human survival within the finite limits of the biosphere. The FSSD is structured in 5 levels (System, Success, Strategic, Actions and Tools) and a key aspect is the strategic use of backcasting from the four Sustainability Principles.

**Global Reporting Initiative (GRI):** A non-profit organisation that works towards a sustainable global economy by providing sustainability reporting guidance. Depending on the context, reference is made to the main product of the organisation: The GRI Reporting Framework.

**GRI Approach:** A term the authors use to refer to GRI’s approach of applying the GRI Reporting Framework using the GRI Reporting Process as defined by the GRI Handbook.

**GRI Handbook:** In 2007 GRI released guidance material to help organisations apply The GRI Reporting Framework, *The GRI Sustainability Reporting Cycle: A handbook for small and not-so-small organisations*. It describes the GRI (reporting) process.

**GRI (Reporting) Process:** The GRI process is described in the GRI Handbook and its description seeks to support organisations for when, and how to apply the different components, guidance and principles as defined in The GRI Reporting Framework. It consists of: five phases; Prepare; Connect; Define; Monitor; and Report.

**GRI Reporting Framework:** A comprehensive sustainability reporting framework, that allows organisations to disclose performance on Economic, Environmental, Social and Governance impacts over a defined reporting period. It consists of: the Sustainability Reporting Guidelines; the Indicator Protocols; Technical Protocols; and the Sector Supplements.

**GRI Reporting Principles:** Concepts that describe the outcomes a report should achieve and that guide decisions made throughout the reporting process, such as which Indicators to respond to, and how to respond to them.
Holistic: Originates from the Greek word ‘Holism’, meaning ‘whole’, and was described by Aristotle as follows “The whole is different from the sum of its parts”. It implies that the parts in a system can only be understood once you understand the system they are in.

Indicator Protocols (IP): Indicator Protocols provide definitions, compilation guidance, and other information to assist report preparers, and to ensure consistency in the interpretation of the Performance Indicators and exists for each PI in the GRI Guidelines.

Integrated Process: The result of our thesis that combines a strategic planning approach with the GRI Reporting process to support organisations when applying the GRI Reporting Framework.

Management Indicators: Indicators to monitor actions and measure an organisation’s progress towards the vision of sustainability.

Materiality Analysis: A process to determine which aspects are most important, or material, to address for the reporting organisation.

Materiality Principle (MP): The information in a report should cover topics and Indicators that: reflect the organisation’s significant economic, environmental, and social impacts, or that; would substantively influence the assessments and decisions of stakeholders.

Material Topics: Topics that have a direct or indirect impact on an organisation’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders, and society at large.

Performance Indicator (PI): Qualitative or quantitative information about results or outcomes associated with the organisation that is comparable and demonstrates change over time. It gives information on the economic, environmental, and social performance of the organisation.

Reductionism: A particular way of thinking about systems, proposing the notion that if every detail in a system is studied with scrupulous care, the entire system will eventually be understood.

Reporters: Organisations that practice sustainability reporting.
**Reporting Guidelines:** Part of the GRI Reporting Framework consisting of: Reporting Principles; Reporting Guidance; and Standard Disclosures (including Performance Indicators).

**Return on Investment (ROI):** The return realized after investing capital. Return on Investment signifies the financial, political, social or cultural returns realized from the initial investment.

**Sector Supplements:** Versions of the GRI Guidelines tailored for particular sectors, addressing the unique issues they face by featuring integrated commentary and new Performance Indicators.

**Socio-ecological System:** The combined system made up of the biosphere, human society, and their complex interactions.

**Stakeholders:** Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organisation’s activities, products, and/or services; and whose actions can reasonably be expected to affect the ability of the organisation to successfully implement its strategies and achieve its objectives.

**Stakeholder Inclusiveness Principle:** The reporting organisation should identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interests.

**Stakeholder Engagement:** The acts and processes of engaging with stakeholders as tools for understanding the reasonable expectations and interests of stakeholders.

**Strategic Sustainable Development (SSD):** Planning and decision making to actively transition the current, globally unsustainable society towards a sustainable society based on first-order Sustainability Principles.

**Sustainability Life Cycle Assessment (SLCA):** The investigation and valuation of the environmental impact of a product or service caused, or necessitated, by its existence.

**Sustainability:** A state in which the socio-ecological system is not systematically undermined by society. Society must be in full compliance with the four SPs to achieve full sustainability.
**Sustainability Context Principle (SCP):** A sustainability report should present the organisation’s performance in the wider context of sustainability. How an organisation contributes, or aims to contribute in the future, to the improvement or deterioration of economic, environmental, and social conditions, developments, and trends at the local, regional, or global level. This involves discussing the performance of the organisation in the context of the limits and demands placed on environmental or social resources at the sectoral, local, regional, or global level.

**Sustainability Principles (SPs):** In a sustainable society, nature is not subject to *systematically increasing*...

1. …concentrations of substances extracted from the Earth’s crust;
2. …concentrations of substances produced by society;
3. …degradation by physical means;
and, in that society...
4. …people are not subject to conditions that systematically undermine their *capacity* to meet their needs.

**Sustainable Development:** A term first used in 1987 by the Brundtland Commission report entitled *Our Common Future*. Sustainable development refers to ensuring that, as a society, we “meet the needs of the present without compromising the ability of future generations to meet their own needs.” (Brundtland 1987, 24).

**Technical Protocol (TP):** Part of The GRI Framework to provide guidance on issues that face most organisations during the reporting process and are designed to be used in conjunction with the G3.1 Guidelines and Sector Supplements.

**The Natural Step (TNS):** A non-profit organisation dedicated to education, advisory work and research in sustainable development and working to build an ecologically and economically sustainable society.

**The Natural Step Framework:** A proven, scientifically robust model that helps organisations to take pragmatic decisions to move towards sustainability. Same as FSSD.

**Vision:** The Vision consists of an Envisioned future (including 10-30 year Big Hairy, Audacious Goals and a Vivid description) and the organisation’s core ideology (Core Values and Core Purpose) (Collins and Porras 1996).
### List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CBS</td>
<td>Context-Based Sustainability</td>
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<tr>
<td>DMA</td>
<td>Disclosure on Management Approach</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EMS</td>
<td>Environmental Management System</td>
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<td>FSSD</td>
<td>Framework for Strategic Sustainable Development</td>
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<td>GHG</td>
<td>Greenhouse Gas</td>
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<td>GRI</td>
<td>Global Reporting Initiative</td>
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<td>IP</td>
<td>Indicator Protocol</td>
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<td>ISO</td>
<td>International Standards Organisation</td>
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<td>LCA</td>
<td>Life Cycle Assessment</td>
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<td>MP</td>
<td>Materiality Principle</td>
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<td>MSLS</td>
<td>Masters in Strategic Leadership towards Sustainability</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>OHSAS</td>
<td>Occupation Health and Safety Assessment Series</td>
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<td>PI</td>
<td>Performance Indicator</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>ROI</td>
<td>Return On Investment</td>
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<td>RQ</td>
<td>Research Question</td>
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<td>SCP</td>
<td>Sustainability Context Principle</td>
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<td>SLCA</td>
<td>Sustainability Life Cycle Assessment</td>
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<td>SME</td>
<td>Small, Medium Enterprise</td>
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<td>SP</td>
<td>Sustainability Principle</td>
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<td>SRI</td>
<td>Socially Responsible Investment</td>
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<td>SSD</td>
<td>Strategic Sustainable Development</td>
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<td>TBL</td>
<td>Triple Bottom Line</td>
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<td>TNS</td>
<td>The Natural Step</td>
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<td>TP</td>
<td>Technical Protocol</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNGC</td>
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1 Introduction

1.1 The Sustainability Challenge

Until very recently in the history of the Earth, human society and its activities have had an insignificant impact on the dynamics of the Earth System (Steffen et al. 2005, 8). However, since the Industrial Revolution society has grown exponentially in size and in technological power marking a turning point in the relationship between human society and the biosphere. The human imprint on the global environment is now so large that humanity is moving towards a new geological epoch – the Anthropocene – the age of man (Steffen et al. 2011).

Biodiversity loss, climate change, and widespread pollution are just some of the impacts that stem from the increasing human demands for food, energy, materials, and land for agriculture, cities and infrastructure (WWF 2010, 9). The increasing demand for resources and ecosystem services, strongly contrasts the declining capacity of the Earth’s ability to supply those resources and services (Steffen et al. 2011).

The sustainability challenge can be illustrated through the metaphor of a funnel (Figure 1.1), which provides a visual representation of the systematic degradation of the biosphere. Hence, it illustrates a decline in the room to manoeuvre for society as a whole, as the demand for resources and ecosystems services increase over time (Robèrt 2000, 245-246).

![Figure 1.1. The Funnel Metaphor (TNS 2012)](image-url)
As a case in point, the International Energy Agency (IEA) declared in late 2010 that the peak of oil production occurred in 2006 (IEA 2010). Oil is an enabling resource that allows humanity to obtain all other resources required to run modern civilisation (Fantazzini et al. 2011). This is important because today’s globalised industrial food production system is dependent on oil for fuelling farm machinery, producing fertilisers, pesticides, and transportation of goods (Neff et al. 2011). The increasing scarcity of oil may foster inequality, erodes trust, and causes social tensions and abuses of concentrated power.

By continuing this unsustainable course the options available to reverse and solve socio-ecological problems become more limited. Crashes into the funnel walls become apparent in the real world in the form of financial crises, natural disasters, and social unrest. However, society also has the ability to become restorative and to begin to eliminate its contribution to unsustainability; consequently, stabilising the resources available from the biosphere, and eco-systems services to support humanity (Robèrt 2000, 245).

To overcome the sustainability challenge, society needs to develop without undermining its fundamental life support systems, and create well-being for all within ecological limits (Robèrt et al. 2000, 244; WWF 2010, 9; MEA 2005). Responding to the sustainability challenge calls for coordinated action from local to global levels harnessing the creative abilities of government, civil society, the private sectors and individuals to facilitate a transition towards sustainable development.

1.2 Organisations and the Sustainability Challenge

Organisations operate within the socio-ecological system, and play a key role in addressing the sustainability challenge because they operate within the same funnel metaphor. For organisations, the walls of the funnel metaphor represent stricter legislation, higher costs for natural resources, waste management regulations, environmental taxes, and increased competition from those who invest in sustainable practices to meet new market demands (Holmberg and Robèrt 2000).

Indeed organisations can improve competitiveness and successfully navigate the funnel by being proactive, relevant and prepared for future markets that will dynamically change and by selling more value per resource throughput (Robèrt 2012). Hence, organisations that can satisfy
customer needs with less impact on ecosystems will have a greater chance of being economically successful (Holmberg and Robèrt 2000).

In order for organisations to make progress towards sustainability, a strong commitment to implementing change is needed. One important component of obtaining this commitment can come from demonstrating the business case benefits of adopting real sustainable development strategies to top management (Willard 2002, 21). There are seven potential business case benefits for sustainability: reduced recruiting costs; reduced attrition costs; increased productivity; reduced expenses in manufacturing, reduced water, energy, and consumables expenses at commercial sites; increased revenue and market share; and reduced risk and easier financing (Willard 2005, 130).

The sustainability challenge is a large-scale complex reality that permeates an organisation vertically and horizontally, demanding a holistic approach where organisations embed sustainability into their core values and strategy. In addition to the sustainability challenge, every organisation must face the transparency challenge to rebuild trust in society between organisations and stakeholders. Today, concerned stakeholders and society in general, increasingly demand to know what organisations are doing.

To support organisations, a growing number of tools to manage and monitor sustainable development have gained worldwide acceptance over the last two decades (Robèrt et al. 2002). In order to build trust, demonstrate their commitment to sustainability and showcase their actions, more and more companies are turning to ‘transparency and engagement’ (Edelman 2012) in the form of organisational sustainability reporting.

1.3 Sustainability Reporting as a Response

Ioannou and Serafeim (2011) define a sustainability report as an organisational, general-purpose, non-financial report, providing information to potential investors, stakeholders (e.g. employees, current investors, customers and NGOs), and the general public about the organisation’s activities around social, environmental and governance issues, either as a
stand-alone report or as part of an integrated\(^1\) - financial and sustainability - report.

Important reasons for engaging in reporting are reputation management and brand protection (Brown et al. 2009). By adopting an accountability standard through which sustainability information is communicated, organisations can achieve legitimacy as responsible corporate citizens by demonstrating adherence to the norms (Nikolaeva and Bicho 2010).

Beyond reputation management and brand protection, the sustainability reporting process can contribute to improving the internal organisation. Following Peter Drucker’s (1993) famous statement “You can not manage what you do not measure”, the process of identifying performance indicators for the purpose of reporting does focus organisational attention on social and environmental performance (Adams and Frost 2008).

By studying 540 European organisations, Garz and Volk (2007) found that the process of sustainability reporting was among the most important catalysts for organisational change, contributing to the accumulation of knowledge, questioning of processes, and the establishment of suitable structures and practices. Furthermore, disclosure of sustainability information forces organisations to manage sustainability matters effectively in order to avoid having to disclose bad performance to their multiple stakeholders (Ioannou and Serafeim 2011).

Referring back to the seven business case benefits for sustainability (Willard 2005, 130), one could argue that sustainability reporting plays a key role in achieving all seven benefits. Without communication an organisation will be less likely to reduce recruiting costs, reduce attrition costs, and less likely to attract top talent. In order to obtain easier financing and lower risk rates (lower interest rates), investors and financiers depend on non-financial disclosures to make decisions. Similarly, in order to appeal to sustainability-minded customers and increase market share, organisations must communicate to demonstrate what they are doing.

\(^1\) An integrated report is a single document that presents and explains an organisation’s financial and non-financial – environmental, social, and governance – performance (Eccles and Krzus 2010).
Finally, non-financial disclosure plays an increasingly important role in company market valuations. Traditional financial metrics provide insight into a company’s short-term performance, however long-term value creation depends highly on the management of intangible assets. In today’s financial markets, intangible assets make up 80% of company market valuations (from 17% in 1975). Intangible assets include a company’s R&D, brand, reputation, management of environmental and social externalities, and social license to operate (Deloitte 2012).

Rising market demand (stakeholder interest), and an increase in reinforcing policy and regulation regarding non-financial disclosure has resulted in swift global uptake of sustainability reporting. 75% of the world’s largest Stock Exchanges agree they have a responsibility to encourage sustainability among listed companies. Since 2010, the South African, Brazilian and Malaysian Stock Exchanges require listed companies to disclose sustainability information or explain why they do not (Responsible Research 2012).

Additionally, government policy is increasingly mandating sustainability reporting. Following the examples of Sweden, Spain, China, Denmark and India, the Finnish government adopted a resolution as of November 2011 asking non-listed state-owned companies and state majority-owned companies to report their sustainability performance. In October 2011, the European Commission (EC) released a new strategy on CSR. One of the eight pillars of its agenda for action focuses on how to improve company disclosure of social and environmental information and the GRI framework is specifically recommended (GRI 2012a). A legislative proposal is currently under review by the EC, as part of the “The single market act” and is expected to be adopted in 2012 (EC 2011).

On the 16th of February 2012, UN Secretary General Ban Ki-moon in a speech during a KPMG summit in New York, stated companies should “heed the call of a new generation of investors by publicly reporting on sustainability performance. Let us work together to forge a global policy framework for disclosing such information – and for explaining why companies do not” (UNHQ 2012). His statement echoes the Zero Draft, the Rio+20 negotiating text.

The increasing shift towards mandated sustainability reporting has the potential to generate positive systemic effects at the level of society. (Ioannou and Serafeim 2011).
1.4 GRI the Sustainability Reporting Tool

There are many tools and initiatives that allow organisations to report non-financial sustainability related performance, such as product-specific reporting (eco-labels, for example Forest Stewardship Council – FSC, and the Marine Stewardship Council - MSC), issue-specific reporting (GHG Protocol and the Carbon Disclosure Project), and sector-specific reporting frameworks (Hohnen 2012).

Due to the lack of a unified system for sustainability reporting, the GRI organisation (See Appendix A: GRI Organisation) was founded in 1999, drawing heavily upon the model of the US financial reporting system, the Financial Accounting Standards Board Interpretations (FASBI) (Nikolaeva and Bicho 2010). Since its birth the GRI framework has evolved from specific environmental reporting to the so called “triple bottom line” (TBL) of social, economic and environmental performance reporting (Elkington 1998). Today, GRI is the best-known framework for voluntary reporting by business and other organisations worldwide (Brown et al. 2009). In fact, it is widely considered the de facto standard for sustainability reporting (Fonseca 2010; Lewis 2011).

GRI-based sustainability reporting has experienced a rapid uptake among corporations. 95% of the 250 largest global companies now disclose non-financial information related to key sustainability issues. 80% of the largest global companies adhere to the GRI Framework (KPMG 2011). 1880 GRI reports were issued over 2010 an increase of 22% compared to 2009. Of those 1880, 238 reports came from Small and Medium Enterprises (SME), a 32% increase compared to 2009 (GRI 2012b).

1.4.1 GRI Reporting Framework

GRI describes its current Reporting Framework as the most comprehensive sustainability reporting guidance available. Applying the Reporting Framework allows organisations to disclose performance on Economic, Environmental, Social and Governance categories over a defined reporting period. According to GRI, the process of sustainability reporting allows organisations to set goals, measure performance, and manage change (GRI 2012g).
The GRI Reporting Framework consists of the following four main components (Appendix B: GRI Framework Overview):

1. G3.1 Reporting Guidelines;
2. Indicator Protocols (definitions, compilation guidance to assist report preparers and to ensure consistency in the interpretation of the Performance Indicators);
3. Technical Protocols (provide guidance on how to apply the principles for report content);
4. Sector Supplements (complement the GRI Guidelines with interpretations and guidance on how to apply the guidelines in a given sector and additional sector specific Performance Indicators) (GRI 2011, 3-4; GRI 2012h).

The G3.1 Reporting Guidelines focus on content and quality of a report. They consist of three components:

1. Reporting Principles: four principles for defining report content (materiality, stakeholder inclusiveness, sustainability context and completeness), and six principles for defining report quality (balance, comparability, accuracy, timeliness, clarity and reliability) (GRI 2011, 8-17);
2. Guidance regarding report content, ensuring quality of reported information and establishing Report Boundary (GRI 2011, 6); and
3. Standard Disclosures, which consist of:
   a. Strategy and Profile (intended to provide a concise overview of the risks and opportunities facing the organisation as a whole);
   b. Disclosure on Management Approach is a narrative intended to address the next level of detail of the organisation’s approach to managing the sustainability topics. The organisation provides the overview of its management approach to the Aspects defined under each Indicator Category associated with risks and opportunities, and;

Defining the content of a report is an iterative process and requires the application of the four Reporting Content Principles:

**Materiality** - an organisation should report its significant economic, environmental and social impacts and/or that which would
substantively influence the assessments and/or decisions of stakeholders (GRI 2011, 8 - 9).

**Stakeholder Inclusiveness** - reporting organisations should identify their stakeholders and explain in the report how they engaged with them and how it has responded to their reasonable expectations and interests (GRI 2011, 10-11).

**Sustainability Context** - explains that the organisation should present its performance in the wider context of sustainability, explaining how the organisation “contributes or aims to contribute to the improvement or deterioration of sustainability conditions and trends at the local, regional or global level” (GRI 2011, 11).

**Completeness** - ensure that all material topics and indicators are covered in the report, and define the Boundary of the report (GRI 2011, 12).

Beyond the report content, a report, and the decisions related to the process of preparing information, should be consistent with the Principles for defining quality. The GRI Application Levels (A, B or C) communicate which parts of the Reporting Framework have been addressed and which sets of disclosures were applied (GRI 2011, 5) (See Appendix I: GRI Application Levels).

### 1.4.2 GRI Reporting Process

In 2007 GRI released guidance material to help organisations apply the GRI Reporting Framework, *The GRI Sustainability Reporting Cycle: A handbook for small and not-so-small organisations*. The reporting cycle guidance (from here on referred to as GRI Reporting process) was not developed using GRI’s famed multi-stakeholder, consensus-seeking process. The GRI Reporting process consists of five phases; Prepare, Connect, Define, Monitor, and Report. The process seeks to support organisations for when, and how to apply the different components, guidance and principles as defined in GRI’s Reporting Framework. The process is especially useful in providing support on how to apply the reporting principles for defining report content and quality. The process also makes contributions to how organisations should go about reporting, who to involve, how to engage stakeholders and provides multiple templates and tools (GRI 2012g).

1. Prepare: the Prepare phase aims to promote internal discussions, particularly at management level. The Prepare phase focuses on
planning the reporting process, building a shared understanding of sustainability, and identifying the relevant economic, environmental and social impacts, opportunities and risks from an internal organisational perspective.

2. Connect: the Connect phase concerns stakeholder engagement. Guidance is given on selecting, prioritising and dialoguing with stakeholders. It is an essential part of the process and involves seeking stakeholder input on what sustainability aspects should be included in the sustainability report. This phase is particularly related to GRI’s Principle of Stakeholder Inclusiveness.

3. Define: the Define phase provides process guidance on how to prioritise and assess the materiality of aspects identified in the prepare and connect phase. The Define phase is particularly related to GRI’s Principle of Materiality and the Sustainability Context Principle. The Define phase helps to define the focus of the report by selecting material aspects and related Performance Indicators.

4. Monitor: the Monitor phase provides guidance on how to gather, monitor, and collect data that should be reported on the material Performance Indicators. The Monitor phase is particularly related to GRI’s Principles for defining report quality. These principles help organisations check their monitoring processes and obtain high-quality information.

5. Report: the Report phase concerns collecting and aggregating the data collected throughout the Monitor phase. The final phase involves not only the preparation and writing of the final report, but also important decisions about the best ways to communicate the results of the report (GRI 2007).

1.5 Does Reporting lead to Sustainability?

Beyond communicating sustainability performance, sustainability reporting is a tool to communicate organisational culture (internally and externally), and a vehicle to build relationships with key stakeholders (Accountability 2012). However, merely disclosing sustainability information to stakeholders does not necessarily lead to sustainability.

Generally, sustainability reports disclose performance about the past and do not address a company’s strategy going forward. The current model of sustainability disclosure relates to accountability, verifying the quality of decision or actions, after they have been taken (SustainAbility 2010).
GRI’s Performance Indicators are generally applicable when an organisation reports its sustainability performance, however they do not cover all potential sustainability issues. Misinterpreting the Application Levels, organisations may want to publish A-level reports, as they believe this to signify leadership (AccountAbility 2012). However, it is important for organisations to really drive materiality, reporting on topics that are highly relevant given the organisation’s sustainability context. The Framework for Strategic Sustainable Development (described in the next chapter) can facilitate this focus.

Focusing on internal sustainability performance can lead to a non-holistic approach. In its current form, sustainability reporting does not provide a detailed and thorough analysis of the organisation’s interactions with ecological systems, resources, and societies (Fonseca 2010). Thus, organisations may face the risk of disclosing sustainability topics that are not really material, and hence, decide on actions or initiatives, which are not particularly strategic to move their organisation towards sustainability.

1.6 Strategic Sustainable Development (SSD) Approach

Given the sustainability challenge and the complexity of the socio-ecological system, a whole-systems - or holistic - perspective is demanded to prevent getting caught in the details of sustainability management.

We have chosen the Framework for Strategic Sustainable Development (FSSD)\(^2\) to achieve this. The FSSD serves as a problem analysis, planning, and decision-making tool for organisations that want to move towards sustainability, by helping them to focus their planning and strategic decision making within the complex systems in which they operate (Robèrt et al. 2002, 197). The FSSD consists of 5 levels: system, success, strategic, actions and tools. While exploring the contents and relationships of each respective level, the framework lets the interdependent but distinct levels communicate with each other (Robèrt 2000; Ny et al. 2006).

\(^{2}\) Also known as The Natural Step (TNS) framework named after the non-profit organisation founded by Dr. Karl-Henrik Robèrt.
1.6.1 Framework for SSD

In order to steer organisations towards sustainability within the socio-ecological system, the FSSD makes use of first-order Sustainability Principles (SPs) (Broman et al. 2000; Ny et al. 2006). These principles were scientifically agreed upon through a consensus process in the early 1990’s. In this light the Sustainability Principles were designed to be:

- General enough to be valid for all imaginable scenarios of a future sustainable society;
- Necessary to achieve sustainability;
- Sufficient to cover all aspects of sustainability;
- Concrete enough to guide actions and problem solving;
- Non-overlapping, or mutually exclusive in order to enable comprehension, structured analysis of the issues and facilitate monitoring (Ny et al. 2006; Broman et al. 2000).

To develop the Sustainability Principles, first basic socio-ecological mechanisms of unsustainability were identified. Then principles for sustainability were designed to define what society must stop doing to preserve the socio-ecological system. By adding a “not” it became possible to focus on the underlying system errors of societal design. Hence, the four Sustainability Principles state that:

In a sustainable society, nature is not subject to systematically increasing…

1. …concentrations of substances extracted from the Earth’s crust;
2. …concentrations of substances produced by society;
3. …degradation by physical means (Broman et al. 2000; Holmberg and Robèrt 2000);

And, in that society…

4. …people are not subject to conditions that systematically undermine their capacity to meet their needs (Ny et al. 2006).

The FSSD provides strategic guidelines that help organisations comply with the Sustainability Principles. One key strategic guideline, Backcasting, is a method in which planners start by envisioning a desired future and then design the steps to reach this future (Ny et al. 2006, 63). Backcasting allows planners to focus on the overall goal, not just in the current situation, and
then decide for the best possible course in the right, overall direction towards that goal. Backcasting combined with the Sustainability Principles provides a valuable tool for incorporating sustainability into organisations, as it is a way to maintain strategic direction towards success (Robèrt 2000; Robèrt et al. 2002).

The FSSD is structured by five interrelated levels and offers the necessary conditions to achieve sustainability in the socio-ecological system, the overall goal that defines success. The FSSD offers strategic guidelines that ensure a strategic sustainable development approach, the actions chosen to move towards sustainability and finally the tools to support organisations to implement the actions to strategically move towards success in the system.

The **Systems Level** consists of an overall understanding of the Earth System and the sustainability challenge. An organisation should explore its role in the larger social and ecological context, how its operations, products or services enrich or diminish the socio-ecological system, including its relationships and interactions with society and the biosphere, how the organisation influences or is influenced by stakeholders and current political, economic, social, technological, legal and environmental trends).

The **Success Level** describes a society in compliance with the Sustainability Principles. Therefore, an organisation strategically moving towards sustainability should strive to:

1. ... eliminate the organisation’s *contribution* to systematic increases in concentrations of substances from the Earth’s crust. For example, reduce dependence on fossil fuels, scarce virgin minerals and metals.
2. ... eliminate the organisation’s *contribution* to systematic increases in concentrations of substances produced by society. For example, substitute certain persistent man-made compounds for those, which break down more easily in nature.

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3 Scientific concepts that we found helpful to understand, but go beyond the scope of this document include: Conservation Laws, Laws of Thermodynamics, Principles of biogeochemical cycles, Interdependence, Biodiversity, Dynamic equilibrium, Fundamental Human Needs and Self-organisation.
3. ... eliminate the organisation’s *contribution* to systematic physical degradation of nature. For example, improved management of ecosystems, the use of land and resources.

4. ... eliminate the organisation’s *contribution* to the undermining of people’s capacities to meet their needs worldwide. For example, enhance transparency to build trust with stakeholders.

**The Strategic Level** offers strategic guidelines and behavioural guidelines. Strategic guidelines include: backcasting from an organisation’s vision (success) and goals, framed within the four Sustainability Principles. The soft or behavioural strategic guidelines include: inclusiveness, transparency, accountability and honesty, and the Golden Rule$^4$ (Missimer 2010).

To prioritise actions towards the vision, an organisation should ask three basic prioritisation questions:

1. *Does the action proceed in the right direction* with respect to the Sustainability Principles? Organisations should prioritise actions that move in the right direction towards the Vision framed by all four Sustainability Principles.

2. *Does the action provide a flexible platform* or “stepping stone” for future improvements? Organisations should prioritise actions that can be further built upon, in line with the four Sustainability Principles.

3. *Is this action likely to produce a sufficient Return On Investment* (ROI) to further catalyse the process? Measures should bring capital to the process so that the action does not halt due to lack of resources.

Other factors of prioritisation could include urgency, relative contribution, and technical/financial feasibility.

**The Actions Level** consists of all the concrete actions that are planned towards the organisation’s vision. For example, invest in sustainability training for employees; redesign products; invest in renewable energy.

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$^4$ The Golden Rule, do not do unto to others that which you would not like done unto you, is a cross-cultural, all-embracing principle that concisely conveys the spirit behind the social principle.
The Tools Level describes that tools or concept can be used in combination with the FSSD, to help organisations to successfully and strategically implement actions towards sustainability. The FSSD can help to place tools in context, facilitating a structured analysis of ‘what the tool is designed to do’ and ‘who it is designed for’. Examples of tools are: Sustainability Life Cycle Assessment (SLCA), Ecological Footprint, UN Global Compact, Environmental Management Systems (EMS) and the Global Reporting Initiative (GRI) (Robèrt et al. 2002, 198-205).

1.6.2 Strategic Planning Process – The ABCD Process

The FSSD can be applied using a strategic planning process to help organisations move towards full sustainability. “The ABCD planning process is a strategic tool, which was developed for applying backcasting from basic principles of success” (Robèrt 2000, 247). The process (Figure 1.2.) consists of four steps:

![Figure 1.2. ABCD Strategic Planning Process (TNS 2008)](image)

A-Step: Awareness
In the A-Step, participants agree on (a shared understanding of):

5 The investigation and valuation of environmental impact of a product/service resulting from its existence.
6 The Ecological Footprint Method is a full-quotient-based approach for measuring and reporting the ecological impacts of human collective (on natural capital), developed by M. Wackernagel and W. Rees (1996).
the object of study (from an Earth Systems perspective: the organisation within society within the biosphere);

- the sustainability challenge (a funnel for declining opportunity), and how this relates to the organisation;

- where and what the organisation wants to be in the future – the vision of success framed by the four Sustainability Principles;

- the method of study – the ABCD process (Ny et al. 2006, 65).

B-Step: Current Reality
Perform a current reality assessment by way of an internal and external operational analysis through the lens of the four Sustainability Principles, highlighting critical sustainability aspects, impacts, and risks that are currently not aligned with the vision developed in the A-Step (the vision framed by the Sustainability Principles). The Current Reality is also used to identify opportunities and strengths.

C-Step: Creative Solutions
Brainstorm a list of compelling actions and solutions that address the sustainability aspects, impacts and risks, identified in the B-Step, and facilitate bridging the gap between the current reality and the future vision of success (framed by the Sustainability Principles).

D-Step: Decide on Priorities
In order to prioritise actions an organisation needs to develop a strategic prioritisation process. At a minimum, the brainstormed actions should be prioritised using the prioritisation questions as mentioned in the strategic level of the FSSD. The prioritised actions should then be included in a strategic action plan to move organisations towards their vision of success (Ny et al. 2006). Organisations should decide on tools that can help them do this efficiently and effectively.

1.7 Research Purpose

By combining the strategic planning process with GRI’s Reporting Framework and reporting process, we believe the organisation’s vision, strategy and goals, framed by the four Sustainability Principles, will directly drive the contents of the sustainability report, fostering stakeholder engagement and the alignment between what is reported and the future strategic direction of the organisation. The integrated process should be designed in such a way that it allows:
1. An organisation to understand the socio-ecological system and how to undertake strategic planning towards sustainability within that system.
2. An organisation to effectively communicate its sustainability performance and its progress towards achieving sustainability within the socio-ecological system.
3. Stakeholders of an organisation to be included throughout the process.

The purpose of our research is to help organisations move towards sustainability by designing an integrated process that combines the core concepts of the Framework for Strategic Sustainable Development with the core concepts of the GRI Reporting Framework and the GRI Reporting Process (See Appendix D: Concept of the Integrated Process).

1.8 Research Scope

This research will focus on the process of applying the GRI Framework and on how the process can be enhanced to assist organisations be more strategic towards sustainability. It does not focus on improving any existing parts of the GRI Reporting Framework. However, by enhancing the process, components of the framework can be better applied.

GRI Sector Supplements are out of scope as they are only available for limited sectors and at their core are based on the G3.1 Guidelines.

1.9 Research Questions

Main research question (MRQ):

What could a process that combines GRI sustainability reporting and strategic planning towards sustainability look like?

Supporting secondary research questions (SRQ):

1. What does the FSSD reveal about the GRI approach in moving organisations towards sustainability?
2. What are the experiences of organisations currently using the GRI approach?
3. What should an integrated process look like?
2 Methods

In this section we give an outline of the overall design of the research, including its participants, methods and phases. The main methods for collecting data were:

1. Document content analysis;
2. Online survey with GRI practitioners (reporters, consultants, certified training partners, GRI staff, academics);
3. Expert feedback from advisory panel members (selected GRI and/or SSD experts).

The first two supporting questions aim to reveal an understanding of the current situation, which shows the strengths and weaknesses of the GRI approach from both the viewpoint of full sustainability (FSSD) and from the viewpoint of the GRI practitioners. The third supporting question focuses on how an integrated process, that addresses the gaps revealed with SRQ1 and SRQ2 and aims towards full sustainability, could look like.

Figure 2.1. Research Methods and Phases
The research was divided into several phases, each with a specific purpose in relation to the research questions, methods and involved research participants (See Figure 2.1) as described per phase (See chapter 2.1, 2.2 and 2.3). We did not collect statistically relevant data as this was not a quantitative but a qualitative research study.

Our research design was iterative. Throughout our research we found our expectations and potential outcome changed. Maxwell’s Model for Qualitative Research Design was used to map and continuously reassess the related components of the design: goals; conceptual framework; research questions; research methods and; validity (Maxwell 2005).

2.1 Phase I: FSSD Analysis

The first phase aimed to answer our first research question: *What does the FSSD reveal about the GRI approach in moving organisations towards sustainability?*

We used the Document content analysis method to answer this question. The GRI Framework and the GRI Reporting Process, were the main set of documents for the analysis in Phase 1. Version 3.1 of the GRI Guidelines, which is publicly available for free download, was retrieved from the GRI website. A printed copy of the GRI Process (*The GRI sustainability reporting cycle: A handbook for small and not-so-small organisations*) was obtained through the GRI Secretariat as a courtesy copy.

We analysed the content of this set of documents by reading and interpreting them through the lens of the 5 levels of the FSSD as a tool to analyse complex systems as described in section 1.6.

We used the preliminary results of Phase I to aid in designing our survey (Phase II) and for determining gaps to be addressed in the creation of prototypes of the integrated process as input for Phase III.

2.2 Phase II: GRI Practitioner Survey

The second phase aimed to answer our second research question: *What are the experiences of organisations currently using the GRI framework?*

We designed a survey to be used for a wide range of organisations and individuals working with GRI, including reporting organisations, GRI
certified training partners, consultancies, GRI affiliates, investors and stakeholders of organisations with an interest in sustainability reporting. The survey consisted of closed, open and multiple-choice questions and only few questions were mandatory for technical reasons. We used open questions where possible to have minimal influence on the answers.

The structured survey was created online using Survey Monkey software. After testing and incorporating feedback of 4 colleagues, it was made available online at [https://www.surveymonkey.com/s/6TGBWGX](https://www.surveymonkey.com/s/6TGBWGX) for a duration of 23 days, from March 24th 2012 until April 16th 2012 (See Appendix E: Survey). The URL of the survey was distributed by e-mail and through posts on professional network sites (See Appendix F: Survey Distribution and Response).

Direct request-for-participation emails were sent to 51 GRI practitioners in our professional network. We knew of their multi-year experience with GRI Framework development, reporting or strategic planning for sustainability. Participants had roles within reporting organisations, as experienced external advisors or trainers, academics and critics. E-mail requests for participation were sent between March 27 and March 30, 2012.

To reach a wide range of research participants we chose to also use the professional network websites 2degrees and LinkedIn. Specific interest groups were chosen based on the title and description of the network and their relevance to our topic. All interest groups are targeted at practitioners, experts and professionals in the subject of sustainability, sustainable development or Corporate Social Responsibility, and most had sustainability reporting or GRI Reporting specifically mentioned as a topic area or as a title. In all communications people were asked to forward our request to other GRI reporting practitioners. We placed our messages as posts or discussion topics on the interest groups between March 24 and March 28, 2012.

The final results of the survey were downloaded into a spread sheet for further qualitative and quantitative analysis. To ensure inter-coder reliability the survey responses were read independently by two researchers who determined categories or key words emerging from the answers. The results were compared per survey question and discussed until consensus was reached on categories to be used. In some answers different interpretations of the question led to viewpoints, each with their own categories. For example, when asking for barriers or enablers different
interpretations were: from within the organisation; external to the organisation; or from within the GRI Framework.

Two researchers re-analysed the answers and the categories were assigned. Categories were applied each time it appeared, but no more than once per participant per statement. A third researcher then checked and compared. Where there were differences these were again discussed until consensus was reached. When multiple codes were relevant, all were applied. The number of answers per category were counted to determine trends in the answers.

2.3 Phase III: Prototyping and Feedback

The third phase aimed to answer the third research question: What should an integrated process look like?

The method of answering this question was broken down into three parts:

1. Development of the integrated process.
2. Feedback on a draft version, to further refine the integrated process.

2.3.1 Integrated Process Development

Early in our research we created an initial prototype of an integrated process, in the form of a high-level process drawing. This functioned as our conceptual framework and was based on the input of one of the authors. Rutger had gained knowledge of the GRI Reporting Process when working at the GRI Secretariat from March 1st 2010 until August 26th 2011.

The next prototypes of the integrated process were designed by each of us, in parallel with Phase I, combining the components of the FSSD with the components of the GRI approach. Prototypes consisted of process flows in which various levels of detail of the different components of the GRI Framework, the GRI Reporting process and the FSSD were incorporated and then combined and phased in relation to each other.

More detailed descriptions of the components and the process were added in the draft version as a preparation for Phase III. The survey results were used to further design this draft version of the integrated process and to test whether the gaps mentioned by participants were addressed.
2.3.2 Integrated Process Refinement

The draft version of the integrated process was used as input for the feedback sessions in the form of meetings with our Advisory Panel (see section 2.3.2). Based on the feedback results and analysis of the results a final version of the integrated process was created.

In our initial scan of our network, and from our survey, we identified an advisory panel of 5 members. Members were selected based on their experience in sustainability reporting, GRI reporting, the GRI Reporting framework, GRI development, planning for sustainability and/or the FSSD. All participants had knowledge of and experience with GRI. All participants have at least heard of the FSSD, or The Natural Step. 3 members are experts in GRI, 2 members expert in the FSSD. The advisory panel members (listed in Table 2.3.2.) were requested for verbal feedback on our draft version of the integrated process. The draft of the integrated process consisted of an introductory page, a process overview and a 6-page concise description of components and their relations. Feedback was requested on whether we were heading in the right direction, what were gaps, what required emphasis and what would be most valuable for organisations.

Table 2.3.2. Advisory panel members

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
<th>Role</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI Practitioner</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Elaine Cohen, PhD</td>
<td>BeyondBusiness</td>
<td>CEO</td>
<td>Brazil</td>
</tr>
<tr>
<td>Mark W. McKinney, PhD</td>
<td>Center for Sustainable Organizations</td>
<td>Founder and Executive Director</td>
<td>USA</td>
</tr>
<tr>
<td>Antonio Vasconcelos</td>
<td>New Next Futures, TNS Portugal</td>
<td>Management Consulting</td>
<td>Portugal</td>
</tr>
<tr>
<td>Paulo Vodianskaya</td>
<td>Hapi Ltd., TNS Brazil</td>
<td>Sustainability Consultant and Professor</td>
<td>Brazil</td>
</tr>
</tbody>
</table>

The draft version of the integrated process was sent for review on April 25 2012 to prepare for a dialogue around it. Dialogues were held between April 19, 2012 and April 27, 2012 through Skype, lasting for 1-1,5 hours.

We had conversations with each participant separately. Furthermore, questions were developed tailored to the expertise of the participant. Audio streams of the calls were recorded for future reference and analysis.

The outcomes of the verbal feedback was used to create version 1.0 of the integrated process, the final outcome of this research to answer our main research question: What could a process that combines GRI sustainability reporting and strategic planning towards sustainability look like?
2.4 Validity

Throughout our research process we questioned ourselves if our assumptions, results and discussions might be wrong. In all phases of the process we produced this thesis and the different documents together, each deliverable was tested and validated by at least one other author. We reviewed and questioned each other and our work. To prevent inaccuracy and address validity we gathered data from surveys and expert feedback from a wide range of research participants.

Within the set time frame for our thesis, we did not have the opportunity to test the final version of the integrated process with an organisation. Even though we tried to maximise exposure to practical experience through feedback from experienced sustainability reporters from different organisations, we acknowledge this as a limitation of our research.

We recognise that the sector supplements excluded from our research scope could give slightly more guidance from a whole systems perspective, or highlight the interrelatedness of performance indicators within certain sectors; however, these are assumptions. The sector supplements are not available for all sectors.

We did not test the final integrated process with our experts or survey participants to incorporate another round of findings into our Integrated Process.
3 Results

This section reports the results of our research findings per phase described in section 2, starting with the results of the three supporting research questions and closing with the main research question. It will present the results of the FSSD analysis, the results of the survey and then the results of the feedback received on the draft version of the Integrated Process. Finally, it presents the final version of the Integrated Process.

3.1 FSSD Analysis

Using the 5 levels of the FSSD we completed a structured analysis of the GRI approach (the GRI Reporting Framework and the GRI Reporting Process) to answer the first research question:

*What does the FSSD reveal about the GRI approach in moving organisations towards sustainability?*

**Systems Level:**
The GRI Reporting Framework acknowledges the sustainability challenge and recognises the importance of establishing trust with stakeholders. GRI supports organisations to clearly and transparently communicate their sustainability performance to internal and external stakeholders towards the goal of sustainable development. However, from the perspective of the FSSD, the GRI Reporting Framework does not explain, or offer support to understand how the socio-ecological system works, the interconnectedness of the system and sub-systems; nor the organisation’s interactions with it.

The GRI Reporting Framework recognises the importance of “reporting performance in the wider context of sustainability” (GRI 2011, 11). According to the Sustainability Context Principle (SCP), organisations should consider the broader concepts of sustainability, and report how they “contribute, or aim to contribute in the future, to the improvement or deterioration of economic, environmental, and social conditions, developments, and trends at the local, regional, or global levels” (GRI 2011, 11). However, the GRI Framework does not offer practical guidance on how organisations should go about understanding sustainability context, how to measure and report performance in context, or how sustainability topics (Aspects, Impacts, Risks and Opportunities) can be identified from a ‘whole-systems’ perspective.
The GRI Reporting Framework emphasises materiality. Determining materiality includes sustainability impacts that “cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations” (GRI 2011, 8). There is no explicit guidance to identify the thresholds, neither how organisations can better define sustainability aspects according to their reality or relate materiality with broader concepts of sustainability.

According to the Stakeholder Inclusiveness Principle (GRI Framework) and the ‘Connect’ phase (GRI Process), stakeholder’s expectations and interests are essential to produce a GRI sustainability report. This principle is connected to the Materiality Principle, which explicitly mentions that an organisation should “report its significant economic, environmental and social impacts that would substantively influence the assessments and decisions of stakeholders” (GRI 2011, 8; GRI 2007, 24).

Success Level:
The GRI Framework uses the Brundtland Commission’s definition of Sustainable Development: “to meet the needs of the present without compromising the ability of future generations to meet their own needs.” However, the GRI framework does not offer the user general, concrete, non-overlapping, sufficient, necessary, science-based principles to backcast from, to facilitate strategic planning towards sustainability.

Special emphasis is given to organisational transparency, not only regarding sustainability performance, but also regarding the reporting process (GRI 2011, 2). GRI’s vision is “a sustainable global economy where organisations manage their economic, environmental, social and governance performance and impacts responsibly and report transparently.”

Strategic Level:
The GRI Reporting Process has a backcasting approach from a sustainability report - “Imagine your organization’s GRI sustainability report” (GRI 2007, 12) – which means that an organisation needs to have an idea of what the final report might contain and look like (GRI 2007, 10). This approach helps organisations to think about their sustainability performance, consult stakeholders, select information to include, and decide on how to communicate with stakeholders. However, the goal is a sustainability report, and not sustainability, as both the GRI Framework and the GRI Process were not designed to bridge the gap towards sustainability. The GRI Approach (The GRI Reporting Framework and The GRI
Reporting Process) is a –five-phase approach (Prepare, Connect, Define, Monitor, Report) and offers guidance to organisations on how to report and what to report. Both the GRI reporting process and the GRI Reporting Framework emphasise the importance of the Reporting Principles for defining report content (Stakeholder Inclusiveness, Sustainability Context, Materiality, Completeness), and report quality (Balance, Clarity, Accuracy, Timeliness, Comparability and Reliability). These principles provide organisations the possibility to produce a balanced report with a large selection of sustainability aspects (environmental, social and economic aspects and corresponding indicators).

Furthermore, the Technical Protocol, a component of the GRI Framework, also provides guidance on how to define the content of a sustainability report, specifically how to apply the principles for report content (GRI 2011, 182). According to the Reporting Framework an organisation should disclose its profile, its strategies, risks, opportunities as well as the management approach regarding social, environmental and economic aspects (GRI 2011, 19-42). As GRI is a voluntary tool, all organisations are encouraged to report using the GRI Reporting Framework according to their abilities and needs.

The Application Level Grid (See Appendix I: GRI Application Levels) helps organisations to decide how much to disclose, meeting the needs of both beginner and advanced reporters. Sustainability reporting (and the resulting benchmarking that can be done) can encourage organisations to adopt a better management approach towards sustainability. Within the Profile disclosures (disclosure 4.11) reporters are required to explain how the precautionary principle is addressed by the organisation.

**Actions Level:**
The GRI Framework provides many sustainability Aspects and related Performance Indicators covering social, economic, environmental and governance issues. These disclosures allow organisations to measure their sustainability performance qualitatively and quantitatively. Furthermore, quality of information for these measurements is a requirement for a report. The Principles for report quality (Clarity, Accuracy, Reliability, Timeliness, Balance and Comparability) are essential to ensure quality of information in a GRI sustainability report. Furthermore, the process of reporting fosters implementing actions to improve performance.
There is no guarantee that performance improvement on an indicator will result in systematically reducing negative contributions to the SPs. For example: Performance Indicator EN3 (Direct energy consumption by primary energy source), measures consumption of direct non-renewable and direct renewable energy sources. Consumption of renewable energy sources such as biofuels (fuels based on biomass) may sound more desirable. However, focusing specifically on the EN3 indicator does not allow the reader to understand the source (feedstock) of the biofuel or how sustainably this was produced. In fact, using biofuel can cause other serious sustainability impacts within the socio-ecological system, for example:

- Biofuel feedstock (crops) compete with food crops for land, water and other resources, resulting in potential ecosystem and social impacts.
- Single crop policy could lead to increased need of (oil-based) fertiliser, decrease the topsoil quality or increase the need for insecticide use, affecting other natural cycles.
- The agricultural land needed for biofuel feedstock production may also require destruction of biodiversity rich areas.
- Biodiversity rich areas are in turn carbon-rich sinks, the destruction of which will release large amounts of sequestered CO₂ into the atmosphere, while at the same time removing opportunities for sequestering CO₂ in future, as biodiversity rich areas are destroyed.

Mapping the 84 GRI Performance Indicators against the four Sustainability Principles, results in table 3.1.2., which shows how performance indicators relate to the four SPs. Some descriptions of Environmental Indicators relate to multiple SPs, as described above.

*Table 3.1.1. Mapping of GRI Performance Indicators against Sustainability Principles*

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of indicators</th>
<th>SP1</th>
<th>SP2</th>
<th>SP3</th>
<th>SP4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Environmental</td>
<td>30</td>
<td>18</td>
<td>17</td>
<td>23</td>
<td>12</td>
</tr>
<tr>
<td>Social</td>
<td>45</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td>Total</td>
<td>84</td>
<td>18</td>
<td>17</td>
<td>23</td>
<td>66</td>
</tr>
</tbody>
</table>

**Tools Level:**
The Indicator Protocols in the GRI Reporting Framework refer to multiple tools, definitions, templates, tables, and other information that help
organisations to measure, manage and report their performance, such as Greenhouse Gas Protocol Initiative, ISO Energy efficiency standards and relevant testing, IUCN Red list of threatened species, OECD Recommendation on Materials and Flows. GRI also produces other publications (available through the GRI website) to help organisations understand and apply the GRI Framework (for example Approach for Reporting on Ecosystems Services, The GRI Handbook, Reporting on Community Impacts, Global Action Local Change).

The GRI approach addresses the importance of sustainable development; however, it does not refer to tools that help organisations to be strategic about their approach towards sustainability, such as the FSSD. Furthermore, the GRI approach addresses the importance of sustainability context; however, it does not refer to general scientific concepts and knowledge (scientific laws of conservation and thermodynamics, biogeochemical cycles, fundamental human needs, and others) that help organisations to understand the Earth’s systems of which the reporting organisation is a part. Although the GRI approach does address the importance of stakeholder inclusiveness it does refer to engagement tools, such as AA1000 (AccountAbility Stakeholder engagement standard), and methods such as Open Space, World Café and others.

3.2 Survey Results

With the survey results we aimed to answer the second research question: *What are the experiences of organisations currently using the GRI approach?*

A total number of 41 survey respondents started the survey (See Appendix F: Survey Distribution and Response, for a breakdown). A total number of 26 complete responses were received and included in our analysis (See Appendix E: Survey, for a copy of the survey).

Fifteen respondents stopped prematurely (See to Appendix G: Research Participants). Two respondents who did complete the survey did not complete all questions and had less than one year of experience with sustainability reporting and/or GRI reporting. We have excluded these responses from our research analysis entirely as answers did not give the depth we were looking for.
Respondents Profile

We created an overall respondents profile based on the responses to survey questions one to six (Appendix E: Survey). The 25 respondents have a minimum of one year experience with an average of 8.44 years with sustainability reporting and an average of 6.28 years experience with the GRI Reporting Framework. Respondents indicated that they gained their main experience with sustainability reporting as the following practitioner types (multiple answers possible): Consultant (17 respondents); Reporter; (7); Academic (7); Trainer (6); Reader (3); or Other, specified as: SRI Analyst (1); Sustainability Executive (1); Journalist (1); and Researcher and Developer (1).

Survey respondents gained their main experience in the following types of organisations (multiple answers possible): Corporate (17 respondents); Multinational (8); SME (5); Academic Institution (3); NGO (2); Governmental (3); or Other, specified as: Investment (1); Own consulting firm (1); Independent Consulting (1).

Survey participants received the following specific instruction for questions beyond this point: “Please answer the questions based on your experience in practice rather than the theory in the GRI Reporting Framework.”

Participants rated the given organisational reasons for sustainability reporting as displayed in table 3.2.1. Engaging with stakeholders, establishing trust with key stakeholders, managing reputation and providing transparency seem to be the most important according to the respondents. Looking at the total count, 57% of all answers fall in the categories of “Very Important” or “Extremely Important”.

Table 3.2.1. Reasons for sustainability reporting

<table>
<thead>
<tr>
<th>Reasons for sustainability reporting</th>
<th>Not important</th>
<th>Neither important nor unimportant</th>
<th>Important</th>
<th>Very important</th>
<th>Extremely important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish trust with key stakeholders</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Provide transparency on risks, opportunities, performance and impacts</td>
<td>2</td>
<td>0</td>
<td>5</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Engage with investors, employees and other stakeholders</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Manage reputation</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Improve organizational performance</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Improve risk management</td>
<td>2</td>
<td>7</td>
<td>6</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Improve collaborations across functions in the organization</td>
<td>3</td>
<td>4</td>
<td>7</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Identify strategic opportunities</td>
<td>3</td>
<td>8</td>
<td>2</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total count</strong></td>
<td><strong>14</strong></td>
<td><strong>27</strong></td>
<td><strong>41</strong></td>
<td><strong>52</strong></td>
<td><strong>58</strong></td>
</tr>
</tbody>
</table>

7 Source: G4 Development- First public comment period, February 10 2012
3.2.1 Barriers and Enablers

In response to question seven “In your opinion, what are the barriers in applying the GRI Reporting Framework?” respondents answered that the GRI Reporting Framework itself is complex/complicated (9) and designed specifically with large organisations in mind (1). The process of sustainability reporting is cumbersome (7). One respondent stated:

“For some organisations (smaller ones) the breadth of reporting requirements may be too much to undertake considering the overall benefit to the business itself” (Respondent #33, Consultant).

Respondents highlighted insufficient guidance (6): lacking guidance in general (1) and/or specific guidance (5) regarding the Sustainability Context (3) and Materiality (2) Principles.

Some Performance Indicators are seen as being irrelevant to (their) organisations (2). Sustainability reporting is a relatively new phenomenon and hence reporting frameworks are perceived as being misaligned (1) and in their infancy (4). One respondent, an academic mentioned:

“Organisations face a conflict between what GRI requests and what other bodies request. There are complaints about measuring things just for the GRI or just for the Dow Jones Sustainability Index” (Respondent #24).

Several respondents mentioned barriers related to the organisation applying the GRI Framework, such as lack of awareness within the organisation (4 respondents), lack of a business case (5), lack of management buy-in (4), “lack of commitment to a sustainability focused strategy” (1), and focusing too much on reporting instead of strategy (1). Two respondents stated:

“People are more concerned with reporting than to get a strategy of reporting integrated with the sustainability strategy” (Respondent #41, Consultant/training partner).

“Senior level understanding of the business case for reporting particularly continued efforts in reporting when there is turnover of staff at the executive level” (Respondent #31, Consultant).

In response to question eight “In your opinion, what are the enablers that facilitate applying the GRI Reporting Framework?” participants answered
that the GRI Reporting Framework is regarded as the global standard (3) for sustainability reporting. Respondents state that the GRI Reporting Framework is comprehensive (4) and highlight the framework’s extensive guidance (4) to support them in the process of creating a sustainability report. Two respondents stated:

“The principles can be applied by any company, and the list of indicators are very useful in terms of deciding what proof points to include in the report” (Respondent #12, Reporter).

“Good indicator protocols that explain the how/why of each indicator” (Respondent #6, Reporter/Consultant).

Other enablers include the Reporting Framework’s generic nature (1), comparability (1), external verification (1) and Application Levels (1). One respondent stated:

“Application level options are the most efficient enablers for new reporters” (Respondent #38, Reporter/Consultant/Trainer).

Several respondents mentioned enablers related to the organisations applying the GRI Reporting Framework, such as management buy-in (3), strong understanding of the framework and reporting process (2), robust management information systems (2), and strategic management - clarity of set objectives and goals (2). Two respondents stated:

“Enablers within an organisation include sophisticated and robust data collection systems, senior level ownership, budget and resources, a good cross corporate understanding of the reporting process to fuel development” (Respondent #31, Training Partner/Consultant).

“Enablers are clarity in objectives, commitment to transparency, and maturity to expose critical aspects and dilemmas” (Respondent #2, Academic/Consultant).

Enablers, external to the organisation, are identified to be market pressures through various stakeholder demands (3) and increased market regulations (2). One respondent stated:

“Growing expectations on the part of stakeholders for measurement, management and disclosure of non-financial impacts and strong
momentum behind GRI, in particular” (Respondent #22, Consultant/R&D).

3.2.2 Reporting Process

Only 21 out of 25 respondents answered question nine “Please briefly describe, in your own words, your reporting process.” of which seven responses were deemed irrelevant to the question, as they did not describe a process. Two respondents specifically reference GRI’s defined reporting process (Prepare, Connect, Define, Monitor, Report). Other respondents described processes that were very similar.

Only 6 out of 14 responses explicitly mention stakeholder engagement, as an element of the reporting process, in their responses. Three respondents connect the reporting process to the strategic process by referencing the connection between strategic priorities and identifying material aspects and impacts in their reporting process:

“Benchmarking and analysis, strategic alignment and integration, operational integration, materiality analysis” (Respondent #1, Consultant).

“Collect data connected with Vision/Policy/Objectives and goals” (Respondent #9, Sustainability Executive).

“(develop) the key messages for the report based on our values and strategic priorities during the reporting cycle” (Respondent #31, Training Partner/Consultant).

Two respondents stated they invest in 3rd party assurance of the reported information (prior to printing).

3.2.3 GRI Reporting Process

When asked whether a) respondents were familiar with the GRI Reporting Process (Prepare, Connect, Define, Monitor and Report) and b) whether they use it, 92% responded they were familiar with it (Question 10) (see Table 3.2.4.).
The 14 respondents answering ‘Yes’ to both questions were asked to explain differences between The GRI reporting process (in theory) and how it is applied (in practice) (Question 11). Six respondents said they use it as is, eight indicated there were differences. One respondent stated:

“The Guidelines allow for some flexibility in their application and I will just describe one phase here. The define phase advises use of the GRI reporting principles when working out what the content of the report should be. Some organisations will fully embrace and formally address each of these in their process and describe that in their report, while others use only 1 or 2 principles and do not disclose how they have addressed them in their process. Some drive materiality very hard and use a variety of tools to inform that, while others rely only on a limited stakeholder engagement process to inform content during the define phase” (Respondent #31, Training Partner/Consultant).

Several respondents (8) were familiar with the process, but do not use it, were asked why it is not (fully) used (Question 12). Several indicated that they used adapted forms of the process (4) as each organisation needs tailoring of the process to fit their needs. Other respondents (2) indicated a lack of familiarity within the organisation with the GRI process. One respondent, a reporter, stated:

“I think we use these phases intuitively, but we do not expressly follow this process. The process in many ways is self-evident, although it's useful to have the phases outlined if you are a first time reporter” (Respondent #12).

### 3.2.4 Identification of Topics

In response to question 13 “Please, briefly describe the process you use to identify relevant sustainability topics/ aspects/ issues?” the majority of the respondents indicated the use of materiality analysis (14) and stakeholder
engagement (16). Other respondents indicated other GRI principles (2), benchmarking and industry analysis (1), GRI Handbook (1), issues covered by the media (1) or economic relevancy (1). Specific tools that were mentioned by respondents include: AccountAbility Five-part materiality test (2), TNS Framework (2), LCA (1), CBS (1), ISO (ISO9001, ISO14001, ISO26000)(1), OHSAS 18001 (1) and sector-specific tools (1).

3.2.5 Sustainability Context

In response to question 14 “In your opinion, how would you rate the importance of the Sustainability Context Principle as defined in the GRI Guidelines?” 13 respondents regarded the Sustainability Context Principle (SCP) as Extremely Important (Table 3.2.6)

<table>
<thead>
<tr>
<th>SCP for sustainability report</th>
<th>Not Important</th>
<th>Neither Important Nor Unimportant</th>
<th>Important</th>
<th>Very Important</th>
<th>Extremely Important</th>
<th>N/A</th>
<th>Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>6</td>
<td>13</td>
<td>2</td>
<td>25</td>
</tr>
</tbody>
</table>

Table 3.2.6 Answers to Question 14

When asked to elaborate (Question 15), many respondents state that sustainability context concerns the organisation’s operational environment (8). One respondent, a consultant, stated:

“It describes and explains the operational environment (current and future) of the reporting organisation” (Respondent #1).

The sustainability context helps organisations and stakeholders to identify main issues and priorities (9). Two respondents stated:

“Its a core issue to put in context the actual reality of the company, and help the stakeholders to understand the company’s information and arguments more clearly” (Respondent #35, Trainer).

“Some issues will only be identified by reviewing the sustainability context within which your business sits, and may not be on the radar of any of your stakeholder groups” (Respondent #12, Reporter).

Despite the high levels of importance assigned to the SCP, respondents state that sustainability context is not taken into account enough (8) in sustainability reports, for example:. 
“The Sustainability Context Principle is arguably THE MOST important principle, as it defines how to measure an organisation's proportional responsibility for sustainability impacts vis-a-vis ecological, social, and economic limits at a sectoral, local, regional, or global level. Yet it is also arguably the most OVERLOOKED and UNDER-IMPLEMENTED Principle” (Respondent #25, Academic/Journalist/Consultant).

“…I think this is an area where practice is poor. I think organisations should be reflecting on context specifically (i.e. our greenhouse emissions were X which is Y% of the nation's overall emissions)” (Respondent #31, Training Partner/Consultant).

Many respondents highlight that without sustainability context, the reported information is meaningless (10). One respondent, a Sustainability Executive, stated:

“The organisation must understand its role in the sustainability context prior to anything else, otherwise the GRI exercise is meaningless” (Respondent #9).

In response to question 17 “In your experience, what are the barriers and enablers in applying the Sustainability Context Principle?” a variety of answers were given. One of the main barriers to apply the SCP identified by respondents is a lack of understanding (9) how exactly to do this. Two respondents stated:

“You need to understand TNS Sustainability Principles to apply the SCP, which means retaining specialist knowledge within your organisation, or hiring specialists in the preparation of your report” (Respondent #12, Reporter).

“…sustainability limits are real, and there are real and significant consequences for surpassing such thresholds, this is perhaps the most important enabler, though we humans seem slow on the uptake of such biophysical facts” (Respondent #25, Academic/Journalist/Consultant).

Furthermore, a reluctance to report negative performance (3) is referenced as a barrier to applying the Sustainability Context Principle. One respondent stated:
“Lack of understanding of the principle and how to apply it but also a reluctance perhaps to draw attention to the relative size of impacts where they are regionally disproportionate” (Respondent #31, Training Partner/Consultant).

Respondents came up with a broad spectrum of opinions in response to question 16 “In your experience, how do you apply the Sustainability Context Principle?” Respondents referenced a number of tools and concepts to help with this, such as the TNS (1), Life Cycle Assessment (LCA) (1), understanding biophysical limits (1) and Context-based Sustainability Management (CBS) (3). One respondent stated:

“Sustainability performance simply cannot be measured, much less reported, in the absence of context. CBS refers to a particular set of circumstances that gives rise to norms, standards or thresholds for what a company's impacts would have to be in order to be sustainable” (Respondent #22, Consultant/R&D).

On the various questions we asked surrounding application of the GRI’s SCP, ‘insufficient guidance’ was a response given by multiple respondents, including:

“When it is examined, it is not done with any formal, documented process but rather a set of operating or cultural assumptions by the organisation” (Respondent #31, Training Partner/Consultant).

“How to operationalize and measure "context" and how to look at actual impact vs. normative impact” (Respondent #23, Academic).

“The barriers mainly include the fact that GRI fails to provide specific guidance on how to include sustainability context” (Respondent #22, Consultant/R&D).

In response to question 19 “In your opinion, what is the relationship between the Sustainability Context Principle and the Materiality Principle?” respondents identified the Sustainability Context and Materiality Principles to be clearly linked (13), with some stating that Context drives Materiality (7). One respondent stated:

“The materiality principle focuses on what is relevant/important to stakeholders. Context is about whether you provide the
data/information in a way that tells a larger story about a company's impacts within its system” (Respondent #6, Reporter/Consultant).

“They are very closely related and cannot be separated. In sum, sustainability context determines materiality. In order to determine what's material in a sustainability program or report, we must first determine what the kinds of impacts are that an organisation is/should be having and that it therefore should be managing. This is a function of (a) who its stakeholders are, and (b) what the impacts are, or should be, on vital capital resources of importance to stakeholder well-being” (Respondent #22, Consultant/R&D).

“I think context drives materiality and materiality helps you focus on where to delve deeper into context” (Respondent #24, Academic).

In response to question 18 “In your experience, when do you apply the Sustainability Context Principle during the reporting process?” the majority of the respondents mention it should be applied in the Define and Monitor phase. Three respondents show a strong opinion in applying the SCP in the beginning of the process.

### 3.2.6 Strategic Planning and Reporting

In response to question 20 “In your experience, what is the relationship between strategic planning and sustainability reporting?” respondents in general agree that the two are clearly linked (12 respondents) or they see some link (4). The respondents’ perception of the link differs. Some respondents think planning drives strategy (4) and/or strategy drives reporting (7). Others think reporting does (or could) drive strategy (7) or that the drive is bi-directional (2). Respondents stated:

“Should be linked and integrated - the outcome of the planning process informs the sustainability strategy and the sustainability report shares that process and the outcome (impact) thereof in the report” (Respondent #1, Consultant).

“In theory, the two should go hand-in-hand. In practice, however, they tend to be disconnected. Sustainability reporting tends to be retrospective, whereas it adds most value as a prospective tool” (Respondent #25, Academic/Journalist/Consultant).
“Sustainability reporting spurs strategic planning because it forces the organisation to analyse risks/opportunities and stakeholder feedback” (Respondent #36, Reporter/Consultant).

3.2.7 Additional Guidance

In response to question 21 “In your experience, which parts of the GRI Framework and of the GRI reporting process require more guidance?” 11 out of 21 respondents indicated that the principles for defining report content should have more guidance, either in general (4) or they mention specifically the SCP (5) and/or the Materiality Principle (4). Furthermore, Disclosures on Management Approach (DMA) (3), Performance Indicators (2) and stakeholder Engagement (2) could benefit from more guidance.

Respondents mentioned other areas that need more attention, such as Supply Chain Management, Integrated Reporting, Indicators for Toxics and interrelatedness among indicators. Others mention specific tools or concepts that could help to give necessary guidance: CBS (3), LCA (2), AA1000\(^8\) (1) and The Natural Step (1).

3.3 Feedback - Process Refinement

The results from the previous research phases supported in the development of the Integrated Process. The feedback phase was designed to refine the integrated process and to help answer our 3\(^{rd}\) research question:

*What should an integrated process look like?*

We had a total of five meetings with advisors coming from various backgrounds. Many experiences, examples and cases were shared by our advisory panel participants with regards to implementations of GRI, the strategic sustainable development approach and combinations of the two. In general, we received a lot of (positive) feedback (verbal and written). This allowed us to view the integrated process from different and new perspectives. All participants had reviewed the same version of the integrated process before the meeting.

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8 AccountAbility's AA1000 series are principles-based standards to help organisations become more accountable, responsible and sustainable.
The main points highlighted in the feedback can be summarised as follows:

1. Ensure emphasis is put on explaining that GRI reporting should be subject to-, and driven by: Vision, strategy, goals and broader organisational systems (GRI Practitioner 2012; Vasconcelos 2012; Vodianitskaia 2012).

2. Stress the importance of applying a Systems Perspective on initiatives towards sustainability, fostering a non-reductionist approach (Vasconcelos 2012; GRI Practitioner 2012).

3. The initial motivation (the awareness phase) for the executive board to ‘buy the idea’ of the integrated process for reporting can be achieved by focusing on strategic business opportunities and developing a business model or business case (Vasconcelos 2012; Cohen 2012; Vodianitskaia 2012; GRI Practitioner 2012).

4. Show the business case in order for organisations to understand that sustainability savings (related to actions) can be translated to financial benefits (Vodianitskaia 2012; Vasconcelos 2012; Cohen 2012).

5. Provide clarity on the main purpose of the integrated process and on the problem or issue that needs addressing (McElroy 2012; Cohen 2012).

6. Ensure distinction between the strategic planning towards sustainability and the GRI reporting process. This included: emphasis and focus on the ‘new’ concepts especially in the first phases of the integrated process (including the ABCD process). (Cohen 2012; Vasconcelos 2012; Vodianitskaia 2012).

7. Stress the importance of the role of organisations in the larger sustainability context (Cohen 2012; McElroy 2012).

8. Stress the importance of targeted stakeholder engagement approach throughout the integrated process around actions and initiatives to help organisations address sustainability issues (Vasconcelos 2012).

9. Stress the importance of measuring, not only sustainability performance, but also sustainability progress towards an organisational vision (GRI Practitioner 2012).

10. Emphasise the necessity of standards and norms and thresholds for measurement of sustainability performance in the larger sustainability context (McElroy 2012).

3.3.1 Combining Reporting and Strategic Planning

According to a panel member, GRI should be driven by vision and strategy:

“A vision of sustainability will help you to move from initiatives to moving towards a journey, in which you connect multiple initiatives onto a main path, towards a common vision. Instead of hitting the walls of the funnel you should aim for the opening of the funnel, and doing that many opportunities will appear … typically when a strategic approach is lacking, GRI replaces everything at all levels. GRI should only be used to support an organisation with what it is designed for: reporting. It should be combined with a strategic approach on top of it” (Vasconcelos 2012).

To show the importance of combining strategic planning and reporting, a panel member reflected on a previous project: “The objective of the connection between GRI and TNS at that time was intended to make people inside and outside understand why we were measuring and managing objectives and goals using GRI indicators, and showing them we were doing that in order to progress towards the Vision of a sustainable future which was framed by the sustainability principles” (Vodianitskaia 2012).

It was pointed out that the difference between what GRI currently offers and what was ‘new’ in the draft version of the integrated process was not clear (or unique) as many components seemed to be covered by GRI. What seemed unique was more information on context and an action driven approach. However, Cohen recognised that “There is a difference between what GRI provides in the Framework, and recommends, and the way that the GRI Framework is used in practice, by the large majority of reporters.”

For example: “GRI does, in theory, require companies to talk about future targets, in the purest form of the GRI Framework. There is guidance that says you must talk about strategy and targets. But in practice, most companies don’t do that well. Some companies include quantitative targets, but they don’t say how they are going to achieve those targets, and I think that is greatly missing in sustainability reporting. Some companies say: ‘we plan to reduce our carbon emissions by 20% in the next 2 years’, but there is no plan that is disclosed. All they do is indicate the targets, but they do not say that ‘in order to reduce these emissions we will have to do XYZ’ and that is a big gap, because in order to have confidence in those companies
and that they will achieve these sustainability targets, one needs to know what they are planning to do…” (Cohen 2012).

3.3.2 Linking Sustainability and Business Case

Linking sustainability with business benefits is important in order to get buy-in and commitment to the process. Paulo Vodianitskaia highlighted that in the beginning of the integrated process, especially in the Awareness phase, a commitment from the Executive Board is necessary to ‘buy the idea’ of the process and to understand potential opportunities for the business. The business case seems to become more concrete when organisations develop their vision. According to Vodianitskaia, “the real business case cannot be presented in the Awareness phase as it depends on the Vision or the plans, but perhaps just a signal should be outlined.” Furthermore, it was stressed that it is important to start with middle management when implementing the FSSD in combination with GRI.

Indeed, other panel members pointed at the importance of the business case in generating buy-in at the top level, as this may open the doors for additional human resources. One of the interviewees highlighted that organisations struggle with the lack of human resources in the sustainability area. “A lot of organisations are just seriously understaffed, you have five people for sustainability for a 120,000 person organisation. They have more people for buying coffee for the coffee machines…you have more people working on event organising than you have people working on content of the event…” (GRI Practitioner 2012).

3.3.3 Defining Sustainability Context

The differentiation on how organisations define sustainability context seemed to be another very important point. According to Elaine Cohen: “There is a great on-going debate about what context really is”. Cohen pointed out three different perspectives on defining context:

1. “…GRI defines context quite loosely, so what is going on around you, what are the relevant benchmarks, living wage, levels of unemployment, and levels of safety.
2. … a more defined interpretation of the word context, what are our vital resources, what is our share of resources… (Context-Based Sustainability by Mark McElroy)
3. ... To what extent companies link sustainability activities to financial success – the whole Integrated Reporting movement…business benefits and the linkage of sustainability performance to financial performance” (Cohen 2012).

Reporting sustainability performance in the wider context of sustainability was pointed out as a key element in the interviews. McElroy emphasised the importance to refer to norms, standards or thresholds for what impacts should be, as a basis for setting goals and measuring sustainability performance of an organisation and ensure stakeholder well-being.

3.3.4 General Improvements

Some advisory panel members observed that the integrated process showed more of GRI than of the FSSD (TNS). The following advice was given:

- What is new (in comparison to the GRI process) should be clear and emphasised, specifically:
  - Systems Thinking:
    - The Five levels of the FSSD (at least a reference to the 5 levels of the FSSD should be made to prevent downgrading of the framework);
    - The ABCD process (a reference to the ABCD process and a clear description of each process step should be provided)
  - Be distinct about the difference between measurement of sustainability performance (retrospective) and measurement of sustainability progress (prospective).
- Phases should not have too much information on what to do and should identify who should be involved. (Vodianitskaia 2012).

Several crucial topics were not clear in the draft version of the integrated process and needed to be made more explicit or needed general improvement:

- It was unclear what the difference between Management Indicators (prospective) and Performance Indicators (retrospective) was, this required a clearer definition and examples.
- The concept of 4 interrelated Sustainability Principles was not picked up from the document.
- The interplay of business strategy and sustainability issues.
• “Backcasting from Sustainability Principles. I think I know what you mean but I don’t think many people will” (Cohen 2012).

With regards to the use of tools the opinions of the panel members differed. Cohen recognised there are many tools and concepts that could be added, but emphasised that it was “Better not to add, but to refine”… “it would be easier to have one broad framework”… as the mentioned tools would quickly become “Overlapping and not clear”. Others advised to add tools but to differentiate them based on usage, or to explain its purpose clearly.

When an organisation is already at an advanced stage of implementing GRI or is already reporting, the integrated process can still be used but should be used differently. Some suggestions were:

1. During the Gap Analysis phase, re-segment the initiatives and topics reported based on the FSSD. Analyse the aim of the initiatives that are in the GRI report. Is the initiative there to: 1) raise awareness; 2) engage with stakeholders; 3) to avoid violations of the four SPs; or 4) to measure and monitor progress.
2. Perform a current reality assessment using the funnel as a basis to analyse how the organisation currently hits the walls of the funnel, and addresses the challenges, and create a list of their present and future risks and threats to the business (Vasconcelos 2012).

3.4 Final Integrated Process

3.4.1 Introduction

All the feedback was incorporated to refine the prototype and develop the final Integrated Process which provides guidance for organisations to better understand the sustainability context from a whole-systems perspective, facilitating strategic actions towards the vision, and communicating sustainability performance and progress to internal and external stakeholders.

The Integrated Process has an approach, which is underpinned by a systems-thinking perspective of sustainability, and facilitates analysis of the organisation’s interrelation with stakeholders, society and the biosphere. Through our research we found Sustainability Context (Understanding), Sustainability Strategy (Thinking and Doing) and Sustainability Reporting
(Communicating) to be three interdependent elements that facilitate a continuous learning cycle (See Figure 3.4.1.). The overlap of these three elements at the centre is considered to be success. Lack of any of the elements may result in: missed business case benefits, a reductionist approach or (perceived) greenwashing.

The final version of the Integrated Process is a result of the integration of research results, previous knowledge of the researchers and feedback from different participants and combines the GRI Framework components and the FSSD components and is built on the GRI Process. The integrated process brings together the three interdependent elements and consists of seven phases (Figure 3.4.2.). The integrated process is meant to serve as a strong basis for the development of a more detailed Integrated Process Guidebook and describes the required ingredients.

Figure 3.4.1. Context, Strategy and Reporting

Figure 3.4.2. Simplified Integrated Process - Overview

Figure 3.4.2. shows a simplified version of the Integrated Process. It consists of two sub-processes – the strategic planning process and the reporting process. These two processes are heavily interlinked in multiple phases; however, based on feedback we received, we decided to represent them separately. This is because the two processes may take place in very different time frames and involve different departments and teams within
the organisation as they represent two very different functional areas within the organisation. The Integrated Process consists of seven phases: Awareness; Gap Analysis; Prepare; Connect; Define (Prioritisation); Monitor (Implement); and Report.

As shown, the ABCD process occurs within the first three phases of the Integrated Process – Awareness, Gap Analysis, and Prepare. Furthermore, the Business Case is represented (using a $ icon) within each phase and becomes more concrete as an organisation progresses through the Integrated Process. Within the Awareness Phase the business case will be high level and non-specific, but does serve to raise buy-in and commitment to continuing the Process from the Executive level leadership. As the business case becomes more concrete throughout the process, the organisation will be able to link sustainability performance and progress directly to financial impact on tangible and intangible company assets and report about this to its internal and external stakeholders.

Below, the authors will explain each phase in more detail, and advise the reader to keep Figure 3.4.3 at close hand for reference. During the research the authors developed further detailed process drawings and descriptions per phase. These were not included in the body of this thesis, but inspired the descriptions below.

3.4.2 Phase 0 – Awareness

In the Awareness phase the organisation builds a strong understanding of its role within the larger context of sustainability. It lays the foundation for effective sustainability management and strategy development regarding operations and stakeholder relationships. The Awareness phase introduces the need for a systems-thinking approach to tackle the global sustainability challenge and the organisation’s dependency on the five capitals (social, natural, human, manufactured and financial capital) (Porritt 2005, 113).

The purpose of the Awareness phase is to allow the organisation to align around a shared understanding of sustainability, gaining a strong understanding of its operating environment and its role within the larger sustainability context. This can be achieved by developing an understanding of:

- the Sustainability Challenge, which consists of the interrelated global trends of unsustainability such as biodiversity loss, climate
change, and declining resources, which is visually represented through the funnel metaphor. This allows the organisation to understand and commit to the need for a whole-systems perspective.

- the **socio-ecological system**, including the social and ecological laws, rules and norms that govern this system. This allows the organisation to identify the mechanisms and causes of the sustainability challenge and the conditions that need to be met to achieve sustainability (success) within that system, using the four Sustainability Principles (section 1.6.1. Framework of the SSD).
- the **organisation's operating environment** is the socio-ecological system. For the creation of value, organisations are dependent on the five capitals and stakeholders within their value chain. In the Awareness phase the organisation can explore its role in the larger socio-ecological context, including how the socio-ecological system is enriched or diminished by its operations, products and services.
- the **business case** for sustainability and reporting supports creating internal buy-in and commitment through a high-level analysis of benefits of sustainable practices and reporting, improving competitiveness and successfully navigating the sustainability challenge towards the organisation's goals and vision.

The Awareness phase is part of the A-Step of the ABCD strategic planning process.

### 3.4.3 Phase 1 – Gap Analysis

Understanding the sustainability context, the organisation can design a compelling shared Vision of success within that system, framed by the four Sustainability Principles. These same Sustainability Principles should be used to analyse the organisation's Current Reality from the perspective of future success.

**A-Step. Vision.** The organisation's Vision framed by the four Sustainability Principles and built on the organisation's Core Purpose, Core Values, including long-term stretch goals (10-30 years). Core Purpose and Core Values are essential elements for a shared Vision of success. The shared Vision gives the organisation strategic direction.

**B-Step. Current Reality.** Enables the identification of relevant sustainability Aspects, Impacts and Risks (opportunities and threats), by analysing the organisation’s operations through the lens of Sustainability Principles. The
internal and external operational analysis is achieved by mapping material flows and stakeholders, performing SWOT and PESTLE analyses. The identified Aspects, Impacts and Risks (opportunities and threats) may be considered as inputs and a starting point for the reporting process.

The ABCD is an iterative process, the organisation can move back and forth between steps adding new information and knowledge as organisational learning takes place.

3.4.4 Phase 2 – Prepare

As shown in figure 3.4.2. and 3.4.3. there are two interlinked processes: the reporting process and the strategic planning process. These will be described separately in the following phases.

Reporting side. The Awareness and Gap Analysis phases, enabled the organisation to identify an initial list of relevant sustainability Aspects, Impacts and Risks (opportunities and threats) that the organisation may consider for sustainability reporting purposes. Within the Prepare phase the organisation uses that list to plan its GRI Sustainability Reporting process, and envisions what the final GRI sustainability report might look like and contain, based on the Vision and Current Reality assessment.

Envision the report: envision the sustainability report: what information should be included, how should it be communicated, which aspects and impacts should be reported, and who is the audience? The compelling Vision designed in the previous phase and the Aspects, Impacts and Risks identified through the Current Reality assessment should facilitate this.

Develop an action plan for the reporting process: The action plan is specific for the reporting process and should include creating a project plan, timeline, project team members, responsibilities, resources and budgets.

Strategic Planning side. The Gap Analysis phase served as a foundation from which the organisation can brainstorm and design concrete actions and solutions (C-step) that address the Aspects, Impacts and Risks identified, and allow the organisation to bridge the gap towards the Vision.

Brainstorm Actions and investments that address the sustainability Aspects, Impacts and Risks (opportunities & threats) identified in the Current Reality assessment. An organisation can list actions and
investments that address weaknesses and reinforce the strengths. Overall, Actions and investments should be brainstormed in the context of bridging the gap towards the shared Vision developed in the previous phase.

Actions can relate to realising operational value, to developing powerful value propositions and business models to capture strategic value in the future, using the four Sustainability Principles as drivers of innovation.

3.4.5 Phase 3 – Connect

The Connect phase is where the organisation identifies and prioritises stakeholders, and initiates discussions on sustainability issues with them.

Identify stakeholders: Identify all potential stakeholders, including everyone who affects or is affected by the organisation and its current operations, or who might fit these criteria in the future.

Prioritise stakeholders: Map and Prioritise stakeholder relationships according to five factors and classify stakeholders in groups, considering those who have direct or indirect influence on, or are influenced by the organisation. Five factors that help to identify and prioritise stakeholders (extracted from the GRI Reporting Process Handbook):

1. **Responsibility**: stakeholders linked to the organisation through legal, financial, operational, regulations, contracts, and/or policies.
2. **Influence**: stakeholders who have the ability to influence whether or not the organisation can reach its intended goals. This can include those with informal influence or those with formal decision-making power, internally or externally.
3. **Proximity**: stakeholders who the organisation depends on for daily operations and those living close to operating sites.
4. **Dependency**: stakeholders who are most dependent on the organisation, customers/clients reliant on its products or services, or suppliers for which the organisation is a large client.
5. **Representation**: stakeholders who represent key institutions with whom the organisation interacts, such as trade union representatives, community leaders, local politicians, etc.
Dialogue with stakeholders:

*Reporting side.* Stakeholder input is a key component for defining the content of a GRI sustainability report. Stakeholder engagement provides a different perspective that can give the organisation a better idea of the organisation’s strengths and weaknesses, and how these can be leveraged or need to be managed. Another goal of stakeholder dialogue is to gain insight into what those involved with the organisation consider the most important Aspects to address in the GRI sustainability report. By the end of this phase the organisation should have a more complete list of relevant sustainability Aspects, Impacts and Risks to report.

*Strategic Planning side.* Through stakeholder engagement the organisation will be able to target key partners within its value chain that can help implement actions towards the stretch-goals, vision, and actions to address Aspects, Impacts and Risks identified during the Gap Analysis phase.

3.4.6 Phase 4 – Define (Prioritisation)

*Reporting side.* The Define phase is where report content and report boundary decisions are made. The organisation analyses material Aspects, Impacts and Risks from the Prepare (Internal input) and Connect (External input) phases. Deciding on report content includes an analysis and a selection of material Aspects, followed by a validation of these Aspects and corresponding Performance Indicators. GRI’s principles for defining report content (Materiality, Sustainability Context, Stakeholder Inclusiveness and Completeness) are essential. Furthermore, the organisation should consider its main purpose, and reasonable expectations and interests of stakeholders. There is no specific order to apply the reporting principles, it is an iterative process; however, each principle should be considered in equal importance for the Aspects defined. A sustainability report should include in its boundary all entities that generate significant sustainability impacts (actual and potential) and/or all entities over which the reporting organisation exercises control or significant influence with regard to financial operating policies and practices.

The Define Phase consists of:

- **Selection** of Performance Indicators related to the material Aspects selected to report.
- **Prioritisation** of material Aspects and related Performance Indicators to report.
- **Validation** of material Aspects and Performance Indicators related to report.

*Strategic Planning side.* Prioritisation of Actions (D-step) that address Aspects, Impacts and Risks; development of the strategic action plan; and definition of Management Indicators to track progress in bridging the gap towards the Vision. This phase requires contributions from reporting and strategy teams as well as sign off and sponsorship from Executive Board-level representatives. By the end of this phase the organisation should be able to begin implementing the Strategic Action Plan.

**Prioritisation Questions:** Next to the use of the prioritisation questions as mentioned in section 1.6.1., prioritisation of Actions may further include analysing: urgency, the organisation's relative contribution to the issue, the effectiveness of possible solutions, and technical and economic feasibility.

**Provide detailed descriptions of prioritised Actions:** To help the organisation to describe to stakeholders what it is actually doing and implementing with regards to sustainability:

- Describe how the Actions relate to policies, commitments, goals, responsibilities etc.
- Describe whether Actions are Processes, projects, programs, initiatives, ad-hoc.
- Describe whether Actions are defensive strategies, such as, mitigation, remediation, avoidance, or opportunistic strategies towards the Vision of success.

**Define Management Indicators to monitor Actions:** Define Management Indicators to measure and monitor the actions that address identified Aspects, Impacts and Risks, and Actions that bridge the gap towards the organisation's goals and Vision.

**Develop Strategic Action Plan:** Describe Goals, Actions, Key Activities, Responsibility, Resources, Management Indicators, Progress tracking.

**Sign-off Strategic Action Plan:** Due to the complexity of Sustainability, permeating the organisation from top to bottom, it is important that the Strategic Action Plan is signed off and sponsored by the Executive Board.
3.4.7 Phase 5 – Monitor (Implement Action Plan)

*Reporting side.* The main purpose of this phase is to collect information necessary to build the sustainability report. By the end of this phase the organisation is able to measure its sustainability *performance* (GRI Performance Indicators - retrospective) and *progress* towards goals and Vision (Management Indicators - prospective). The GRI Principles for defining report quality should be applied (Clarity, Reliability, Timeliness, Comparability, Accuracy and Balance). Furthermore, the organisation should collect and compile the information related to Aspects and Actions, for the purpose of the Disclosure on Management Approach (DMA).

Collect and analyse (quantitative and qualitative) data related to the GRI Performance Indicators and the Management Indicators, ensuring quality of information according to the principles listed above.

The Disclosure on Management Approach (DMA) shows the main material impacts, why they are material, and how the organisation manages such impacts. A proper definition of material Impacts, Risks, Opportunities and Threats is essential for reporting, to describe the organisation’s goals, commitments, strategies, and opportunities towards sustainability.

*Strategic Planning side.* Implementing the Strategic Action Plan requires support and cooperation from key people at different levels, inside and outside the organisation. Due to the complexity of Sustainability, the requirement for support and cooperation is even greater. Strong Executive Leadership is a pre-requisite to successful sustainability initiatives. Decisions need to be made regarding who will do what, by when, mobilising the workforce by creating awareness and building capacity.

**Internal Communication Plan:** Goals and objectives, targets, milestones, deadlines, timeframes, roles and responsibilities. Create clarity and focus efforts on the common Vision - bridging the gap towards sustainability.

**Internal Awareness Raising:** Build awareness, commitment and capability of those implementing the Strategic Action Plan. Engage staff in the process and clarify expectations. Encouraging questioning, offering suggestions, and participation in dialogue about the strategic action plan and goals, can build support at all levels.
**Build Capacity Internally and Externally:** Build organisational capacity about the work done and decisions made in the Awareness and Gap Analysis Phase. Building capacity spurs organisational learning and ensures stakeholders are aligned around the common Vision, contributing ideas, making informed decisions and working towards the same goal when implementing the Actions.

**Motivate & Incentivise:** Internal competition - compare performance between similar facilities and fostering a sense of competition. Recognise Achievements, reward accomplishments of individuals, business units, or facilities and communicate and highlight these achievements. Link financial incentives to the achievement of sustainability targets and goals, on individual, department, business unit or organisational level.

**Audit & Review:** Monitoring for internal purposes to gauge progress toward established goals, targets, milestones and deadlines, to facilitate corrective actions, highlight critical areas and identify successes.

**Impact on Tangible & Intangible Assets:** Relate the Strategic Action Plan audit and review back to the original Business Case, analysing positive and negative impacts on Tangible and Intangible Assets, and linking these financial impacts directly to management of sustainability impacts and/or actions in the sustainability report.

### 3.4.8 Phase 6 – Report

The *Report* phase is the final phase in the process where the organisation collects, consolidates and compiles the recorded data, writes compelling narratives, checks information, management approval, drafting and printing of the report. The main purpose of the report phase is to communicate the organisation's Sustainability Performance (retrospective) and Progress (prospective) to internal and external stakeholders, linking sustainability information to financial information.
**NEW**

(new) Integrated Process - Overview - Components and Flows

**Awareness**

*Build a shared understanding of sustainability*

Whole systems perspective of the Organisation in its larger Sustainability Context

**Gap Analysis**

**Current Reality**

- Initial list of relevant sustainability Aspects and Impacts identified by the organisation

**Vision**

- List of identified Risks (Opportunities & Threats)

**Prepare**

1. Brainstorm Actions
   - Initial list of Actions that address: Aspects, Impacts, and Risks (Opportunities & Threats); and bridge the gap towards the Vision

2. Connect
   - List of relevant sustainability Aspects and Impacts identified by Stakeholders

3. Connect
   - List of Actions and collaborating Stakeholders, that address: Impacts; Risks (Opportunities & Threats); and bridge the gap towards the Vision
Figure 3.4.3. Integrated Process – Overview – Components and flows
4 Discussion

In this section, we start by discussing our findings for supporting research questions 1-3, after which we will close with answering our main research question.

4.1 GRI’s Approach and FSSD

The objective of GRI’s approach is that an organisation produces a sustainability report. This can be deduced from the fact that the first phase of the reporting process is to imagine your final sustainability report. As mentioned previously, this can be regarded as a backcasting approach – backcasting from the final sustainability report. Through sustainability reporting, an organisation can be held accountable by stakeholders, and society at large, for its management and performance regarding sustainability. In so doing, an organisation will be driven towards continuous improvement (Ioannou and Serafeim 2011). As mentioned in chapter 1.3, Graz and Volk (2007) found that the process of sustainability reporting was among the most important catalysts for organisational change, contributing to the accumulation of knowledge, questioning of processes, and the establishment of suitable structures and practices.

Although performance improvement is a positive outcome and should be promoted and applauded, a danger is that the GRI standard becomes the driver of the strategic planning process. In its current form, the GRI approach can encourage reactionary sustainability management based on a rear-view mirror approach. Goals and targets are set on indicator level and decisions for improvement may be based on past performance on given indicators. This approach does not necessarily lead to sustainability and does not foster the holistic systems perspective that the sustainability challenge demands. In fact, one could argue that the focus on performance improvements at indicator level fosters a reductionist approach where the organisation deals with sustainability as separate, unconnected issues.

In its quest to achieve performance improvements on indicator level, to the benefit of a “better” sustainability report, the organisation may be driven to develop 84 strategies that improve performance on 84 indicators. However, in its quest to produce the best possible report, the organisation may unknowingly cause negative impacts in other parts of the system, as it has lost sight of the big picture. Overlooking the interrelatedness of
sustainability issues, impacts and risks may result in the organisation missing valuable opportunities in moving towards sustainability and hitting the walls of the funnel. Furthermore, approaching sustainability in a reductionist way is, in essence, about implementing defensive containment, avoidance and mitigation strategies focussed on being “less bad”. As this is the approach driving the performance this will be reflected in the reports and possibly foster the opposite of what the organisation is aiming for.

The FSSD recommends that for strategic planning to be effective, an organisation must first understand what sustainability means in the global socio-ecological context. An in-depth understanding of the system and the conditions to achieve sustainability in that system should form the foundation of the organisation’s strategic planning process, which should in turn be the basis of its reporting endeavours.

In order to be strategic an organisation must know where it is going, however it must also know where it is today in relation to the system conditions that define a sustainable socio-ecological system. The four Sustainability Principles facilitate this process. They provide strategic direction to the organisation and something to aim for. Backcasting from Sustainability Principles allows the organisation to tackle the root causes that create impacts, designing strategies that create positive outcomes. In using the Sustainability Principles as an overall driver for innovation towards sustainability, the organisation can move beyond achieving efficiencies (dematerialisation) to achieving effectiveness (substitution and closed material loops).

Since the GRI Reporting Framework is a tool for reporting, it does not offer strategic guidelines to organisations to strategically plan their sustainability efforts; impacts, risks and opportunities towards a Vision of success. The GRI Reporting Framework was not designed to bridge the gap towards sustainability. However, when combined with the SSD approach, the GRI can be used as an effective communication tool to be transparent about current sustainability performance (retrospective) and the progress made in bridging the gap towards sustainability (prospective).

4.2 Survey Discussion

Survey responses were a useful tool to comprehend the main barriers and enablers of the GRI approach. Furthermore, survey respondents had the
opportunity to describe their experiences regarding sustainability context and the relationship between strategic planning and sustainability reporting.

Most of the survey respondents expressed that the GRI Reporting Framework is comprehensive, allows benchmarking, and is well-known worldwide. The GRI Reporting Framework is a standard recognised by investors, employees and other key stakeholders as a synonym of accountability and transparency with regards sustainable development.

Even though GRI is a well-known international standard for reporting, some respondents pointed to the framework as being too complex, and the process for sustainability reporting as too cumbersome. These points might be explained due to the amount of components, the procedure that is complicated, the data, calculations and other information that is required for measuring performance. Respondents highlighted the lack of a clear business case for reporting and the lack of commitment to a sustainability focused strategy. In fact, without a high-level of commitment inside an organisation, the reporting process may become difficult due to approval of budgets and sustainability not being an integral part of strategic planning. However, linking sustainability savings to financial benefits might be an effective strategy to get buy-in for the reporting process, but also other strategic initiatives towards sustainability.

A clear relationship between strategic planning and sustainability reporting was recognised by some respondents. However, the nature of this relationship differed between respondents. In theory the two should be connected; however some respondents mentioned in practice they are not. The amount of time needed to complete a reporting cycle ((bi-)annual) differs significantly from the cycle of strategic planning (1-25 years), therefore it is difficult to argue that these processes are linearly linked, one following the other. Some respondents state that strategic planning should be a driver for sustainability reporting, because the sustainability report should document the strategic process and the outcomes of that process. Others think the opposite, where the performance measured (and thus reported) drives strategic planning. The ideal situation is probably a mix of these two, where the process of measurement and dialogue with stakeholders feeds back into strategic planning.

Respondents specifically identified the Sustainability Context Principle as an important element that lacks guidance in the GRI Reporting Framework. It is important to emphasise that both the GRI Framework and the GRI
Reporting Process offer guidance, and refer to many standards and publications in order to help organisations in the reporting process. Nevertheless, sufficiency of guidance on the Sustainability Context Principle seems to be an on-going debate. Defining the organisations sustainability context and defining how sustainability topics relate to long-term organisational strategy, risks, and opportunities has proven to be complex for organisations to understand, let alone measuring and reporting of information in a broader context. Hence this element is notoriously absent in today’s sustainability reports, which may also be attributed to stakeholders not demanding this enough.

Furthermore, it was interesting to note that there was a clear split between respondents regarding guidance. Multiple respondents identified GRI’s offering of guidance as one of the framework’s key strengths, other respondents identified guidance to be lacking. This black and white view on the same topic is likely to say more about the respondents (or more specifically their clients/ organisations) than the framework itself. To us it highlights a difference in levels of knowledge and understanding of sustainability and reporting in general. Perhaps some practitioners (or their clients) require everything to be explained, while others may have a more developed understanding and complement GRI with the appropriate tools.

The FSSD facilitates the understanding of sustainability context from a whole-systems perspective. Using the FSSD, and specifically the four Sustainability Principles, will help organisations to identify material Aspects/Impacts, Risks, and Opportunities (current and future) in relation to the socio-ecological system at a local, regional or global level. Furthermore, the FSSD facilitates strategic planning to address sustainability within the socio-ecological system. However, to measure sustainability impact in the socio-ecological system, especially quantitatively, the FSSD requires additional tools and concepts that help in understanding and defining standards, norms and thresholds to report information under GRI in context, such as Ecological Footprint and CBS.

As GRI specifically demands the application of the Sustainability Context Principle we were interested to find out how organisations do this. Many respondents pointed out the SCP as extremely important. According to them, the SCP explains the operational environment (current and future), and helps to identify potential impacts that can be classified material in a later stage. However, it seems to be rarely applied. Applying the SCP means that an organisation should measure sustainability performance
(qualitative and/or quantitative) in a larger sustainability context. When organisations report sustainability performance without considering the large context of sustainability, the report becomes less meaningful for stakeholders.

Even though GRI is comprehensive and well-known worldwide, the majority of survey respondents highlighted the need for better guidance regarding the SCP, and the importance to link sustainability reporting to the business case.

4.3 Integrated Process

Through our conversations with practitioners it became clear that reporting cannot be a stand alone exercise, as measuring and reporting by itself has not really created the sustainable solutions that were hoped for.

One of the problems highlighted is that historically organisations have adopted many different interpretations of what sustainability is, from the sustainability of the organisation itself, to TBL, to the sustainable development definition used by the Brundtland commission, and others. This has created a variety of approaches to sustainability, but many of which are not founded in systems thinking.

We noticed that a definition of sustainability founded in systems thinking, was essential for the Integrated Process in the first phase (Awareness). This allows organisations to have a shared understanding of sustainability inside the organisation, and look at current trends with a different perspective. The organisation should fully understand its current and future role in the larger sustainability context, before it can design sustainability strategies that bridge the gap towards sustainability.

From the analysis of our overall results, we noticed that a relationship among sustainability context, sustainability strategy and sustainability reporting exists and should be taken into consideration to produce a meaningful report, and to bridge the gap towards sustainability (see Figure 3.4.1.). These three interdependent factors facilitate a continuous learning cycle at their heart (overlap of these three elements) constitutes success. Lack of any of the elements may result in:

- **Missed business case benefits**: The organisation has an in-depth understanding of sustainability context and develops strong and
resilient strategies in light of that context; however, it does not report its sustainability initiatives, performance and progress. By not reporting or communicating its efforts, the organisation will miss out on almost half of Bob Willard’s seven business case benefits that depend on communication, to be reaped.

- **Reductionist approach**: The organisation reports and says it has a strategy regarding sustainability; however, this strategy is not designed in light of an in-depth understanding of the sustainability context. It is likely the strategy is driven by the reporting standard, promoting 84 strategies for improving performance on 84 indicators – therefore fostering a reductionist approach.

- **Greenwashing**: The organisation reports and has an in-depth understanding of the sustainability context; however, the organisation does not design resilient strategies in light of that context, to ensure it is still relevant in future markets. In this case by communicating about sustainability using a standard, but not actually implementing sustainability strategies, the organisation is in danger of (being perceived) as greenwashing. Not knowing how to design a strategy could lead to either the same result or to being perceived as incompetent.

Thus, we designed an *Integrated Process* that allows an organisation to:

- gain a better understanding of its current and future *Sustainability Context* using the *Sustainability Principles*;
- design strategies and implement strategic actions in light of that context using a *Backcasting from Sustainability Principles* approach;
- communicate sustainability *performance* and *progress* to its stakeholders within the Sustainability Context.

Through a systems-thinking approach, organisational learning and dialogue with stakeholders, organisations are able to design more resilient strategies that ensure stakeholder well-being, and move towards the vision of success in the future Sustainability Context. The designed and implemented strategies will affect the organisation's sustainability performance and the progress made towards sustainability. Given that stakeholders are an integral part of the Sustainability Context, the organisation must regularly communicate sustainability performance and progress made, by reporting to, and having dialogues with, those stakeholders. This engagement and
communication with stakeholders in turn is an opportunity for the organisation to learn and understand more about the Sustainability Context, which filters back into the strategic process.

Due to the differing timelines of strategic planning and reporting processes, we were advised to make the differences more distinct. Hence the integrated process was visually separated into two main process flows, a strategic planning process and a reporting process. Both processes have their own activities, however, the interrelatedness and dependencies of activities between both processes is what integrates them. With this approach we keep all components GRI already has only we improve its effectiveness by adding the strategic sustainable development approach. Furthermore, we were advised to differentiate the different types of tools.

Beyond engaging stakeholders for sustainability reporting purposes, the organisation should actively select, engage and collaborate with specific stakeholders to implement specific strategies and actions to achieve their overall vision of success (Vasconcelos 2012).

Some panel members highlighted the importance of linking sustainability efforts and sustainability initiatives with financial benefits.

“Many companies do not do that today, so you find every sustainability report talking about how many carbon emissions has been avoided or saved, or how much energy or water have been reduced, and so on, but none of them translate those sustainability savings into financial savings for business.” (Cohen 2012).

The business case is referenced throughout the Integrated Process, and becomes more concrete and developed from phase to phase. General business benefits for sustainability are outlined in the Awareness Phase to create board-level buy-in and commitment to continuing the process. This includes the positive benefits of sustainability reporting for brand and reputation management.

During the Current Reality assessment of the Gap Analysis Phase, the business case can be made slightly more concrete, based on identified Aspects, Impacts and Risks and how these may translate into cost savings. During the Prepare Phase, the brainstormed Actions to address Aspects, Impacts and Risks can make the business case more concrete as the organisation identifies actions towards the vision that lead to more potential
savings and new revenues. During the Connect Phase the organisation discusses Actions with stakeholders (e.g. suppliers), including the business case to generate buy-in and commitment.

The Define Phase is where Actions are prioritised requiring an in-depth business case analysis of each action prioritised and included in the strategic action plan. Within the Monitor (Implement Action Plan) Phase, organisations should monitor, audit and review the implementation of the strategic action plan, including reviewing the actions against the original business case and assessing positive and negative impacts on the organisation’s tangible and intangible assets. The Report Phase gives the opportunity to disclose to investors what the benefits are of a strategic sustainable development approach, creating buy-in for more investments in sustainability, including recruitment of new sustainability professionals or sustainability research and education.

The Integrated Process allows organisations to report strategically with a clear definition of sustainability, and a whole-systems perspective. A clear definition of success framed by Sustainability Principles allows organisations to backcast and take strategic actions towards sustainability. We consider this a real strength of our approach.

One point that has to be highlighted is the need for international standards, norms and thresholds to measure sustainability performance, especially to measure impacts on vital capitals. Those standards are essential in order to determine whether or not a sustainability impact is within socio-ecological limits to ensure stakeholder well-being (McElroy 2012). Measurement and reporting of sustainability impact in context, especially quantitatively, cannot be covered by FSSD alone, and requires appropriate additional tools. To fill this gap in the integrated process we recommend the use of Context-Based Sustainability as described by Mark McElroy in his book: Corporate Sustainability Management, The art and science of managing non-financial performance (2012), in the Define and Monitor phases of both the reporting and strategic planning processes.

Initially we expected to produce a first version of an implementation guidebook including recommendations of additional tools and participatory stakeholder engagement methods. Due to the academic nature of the research and the time constraints, this expected result did not materialise. The result is a description of what a guidebook should contain. We decided
to design a process that is clear in approach, contains the essential parts and
describes what needs to be included in a potential guidebook.

4.3.1Strengths and Weaknesses of the Research

Strengths. Survey responses were received from 6 out of 7 continents, from
practitioners with various expertise levels and provided us practical input.
The information provided by the advisory panel was of high value to our
research. The diversity of their backgrounds and experiences was essential
in the development of the integrated process. This generated different
points of view with regards to the FSSD, GRI and other frameworks,
methods and tools. Their experience in the reporting field allowed us to
view the integrated process from another perspective. The fact that GRI is
well known worldwide and a comprehensive reporting tool, facilitated our
research in terms of gathering data and connecting with practitioners. The
integrated process is an add-on or plugin to the GRI Reporting Framework
and the GRI reporting process and organisations can therefor take full
advantage of what has been created by GRI and by the authors.

Weaknesses. As we designed open questions, the answers were very
diverse, and did not always address the topic we wanted respondents to
focus on. Furthermore, some of survey respondents gave up when they had
to respond to open questions (Questions 7 and onwards). Our biggest
limitation probably was the time we had for the thesis period as it was too
short to actually test the integrated process in real organisations but we are
confident this will happen at some point after our academic closure.

Both GRI and FSSD make use of the terms ‘principles’. For users of the
integrated process this might be confusing. For the purpose of our
academic thesis we want to remain with the FSSD terms. When developing
the integrated guidebook we may consider using TNS terminology: System
Conditions.
4.3.2 Further steps and suggested research

We are confident that there is enough material and demand for an actual guidebook created on the basis of this document and the integrated process. A guidebook seems to be an obvious next step for ourselves. Further research could be done on testing and implementing the Integrated Process in organisations, and on the effectiveness of the combined approach of strategic planning for sustainability and (GRI) sustainability reporting.

Stakeholder Inclusiveness is a key element in the GRI Reporting Framework. It would be interesting to understand how participatory processes could help improve the dialogue between organisations and stakeholders within the integrated process and/or within the reporting process for the purpose of moving organisations towards sustainability.

The measurement and reporting of sustainability impact in context, especially quantitatively, is a challenge to both GRI and reporters and cannot be covered by FSSD alone. Context-Based Sustainability seemed to fit closely with both the FSSD and GRI, but was not explored further within our research scope. Future research could explore the potential of a combination of the FSSD and Context-Based Sustainability to move organisations towards sustainability. The Context-Based Sustainability combined with the FSSD would also help organisations to identify and measure the impacts on vital capitals and the interrelatedness among the vital capitals, biogeochemical cycles and stakeholder well-being.

Finally, how sustainability reporting contributes to transparency and trust within the socio-ecological system could be further explored.
5 Conclusion

Our research focused on how sustainability reporting and strategic planning towards sustainability could be combined in an integrated process to help organisations move towards sustainability.

In our research we noticed a strong interrelationship between sustainability context, sustainability strategy and sustainability reporting.

We believe that sustainability reporting is most effective when driven by a strategic approach to sustainability. In order to be strategic towards sustainability, an organisation should have a vision of where it wants to go, and assess where it is today, so as to take the right initiatives towards its vision. This in turn requires an in-depth understanding of the socio-ecological system and the organisation’s current and future role within this system – its sustainability context. Understanding the socio-ecological system requires understanding the system boundaries, the interactions the organisation has with the socio-ecological system, as well as the conditions that need to be met to achieve sustainability within that system. Understanding its operating environment from a systems-perspective allows the organisation to clearly analyse how it creates value, where it sits within the value chain, which capitals it depends on and who the stakeholders are that are involved in-, or impacted by the creation of value.

The sustainability challenge will remain for now due to the expected increase in demand for resources, energy and food from a growing population versus the declining carrying capacity of the Earth to supply those resources. Taking note and learning from the sustainability challenge will allow organisations to get an insight into what the future sustainability context will be, including what this context will mean for future markets, and future supply and demand. Understanding today’s and tomorrow’s sustainability context will allow organisations to design resilient strategies to be prepared for-, and relevant in future markets that will dynamically change due to increased scarcity and rising costs.

Understanding the sustainability context not only benefits the strategic process, it also benefits the understanding of standards like GRI Reporting Framework. The systems perspective that is fostered through an increased understanding of the sustainability context and the sustainability principles will allow organisations to recognise and better leverage the various types
and levels of disclosures contained within the GRI Reporting Framework, using it to their advantage to communicate meaningful information on which key stakeholders can base decisions.

Sustainability reporting allows an organisation to communicate its Vision, goals and strategic plans regarding how it intends to bridge the gap towards sustainability within the socio-ecological system, as well as its progress in bridging this gap. It is a vital tool to communicate the organisation’s sustainability impacts, performance and progress in relation to that sustainability context, to stakeholders (which are part of the sustainability context). Furthermore, the act of sustainability reporting requires engagement and dialogue with stakeholders, which in turn allows the organisation to learn more about its sustainability context, facilitating continuous learning and refinement of the strategies developed. It is the glue between organisations and their stakeholders and is an integral part to achieving success.

In order to achieve success, organisations should *Mind the Gap* towards sustainability. When integrated, GRI and FSSD are complimentary and powerful to help organisations strategically drive GRI reporting towards sustainability.
6 References


Cohen, Elaine. Interview with authors. Skype interview. Karlskrona, April, 27, 2012.


GRI (Global Reporting Initiative). 2012a. The role of governments in mainstreaming sustainability reporting. 


McElroy, Mark. Interview with authors. Skype interview. Karlskrona, April 27, 2012.


Robèrt, Karl Henrik. Interview with authors - Peer cluster meeting questions and answers. Karlskrona, 13 March, 2012.


Steffen, Will, Asa Persson, Lisa Deutsch, Jan Zalasiewicz, Carl Folke, Johan Rockström, Carole Crumley, Paul Crutzen, Line Gordon, Mario Molina, Veeravhadran Ramanathan, Katherine Richardson, Marten


Appendix A: GRI Organisation

The Global Reporting Initiative was started as a project in 1997. It was hosted by the Centre for Education and Research in Environmental Strategies (CERES) in collaboration with the Tellus Institute and the United Nations Environment Programme (UNEP). The project’s intention was to create a global sustainability reporting framework for organisations. In 2002, GRI was formally inaugurated at the United Nations as a new collaborating centre of UNEP with a secretariat based in Amsterdam, The Netherlands (GRI 2011d). By popularising the multi-stakeholder process, GRI was able to provide a major contribution to the field of reporting, and legitimise its own existence (Brown et al. 2009) by applying the consensus-seeking multi-stakeholder approach to the continuous development of the guidelines (GRI 2012c).

GRI has global strategic partnerships with the Organisation for Economic Cooperation and Development (OECD), the United Nations Global Compact (UNGC), United Nations Environment Program (UNEP), and the International Standards Organisation (ISO) (GRI 2012d).

GRI actively publishes linkage documents in multiple languages on how the GRI Reporting Framework connects with other sustainability reporting and management tools. Examples are linkage documents with the ISO26000 standard for social responsibility, the Carbon Disclosure Project questionnaire, the Earth Charter, the UNGC communication on progress, and the International Finance Corporation’s (IFC) Sustainability Framework (GRI 2012e).

GRI’s vision is “a sustainable global economy where organisations manage their economic, environmental, social and governance impacts responsibly and report transparently” (GRI 2012f). The development of the GRI Reporting Framework follows GRI’s due process, including a public comment period, and is based on a multi-stakeholder consensus-seeking approach.
Appendix B: GRI Framework Overview

Source: Altman et al. 2011
Appendix C: Overview of the GRI Guidelines

Source: GRI 2011
Appendix D: Concept of the Integrated Process

The Figure above illustrates the Current Situation and how we intend to combine the components in the Future Situation (Integrated Process) including how the SSD approach feeds the reporting process.
Appendix E: Survey

Introduction

Thank you for your interest in this survey. The survey will end on the 16th April, 2012.

Please help us by commenting on, or "liking" the LinkedIn post, and/or forwarding the survey to your GRI Practitioner peers and colleagues.

This survey is part of a Masters thesis research project being conducted by students of the Strategic Leadership towards Sustainability Program at the Blekinge Institute of Technology in Karlskrona, Sweden. With our research we aim to propose an integrated process to help determine sustainability context and contribute to the creation of more meaningful sustainability reports. This could be achieved by combining The GRI Reporting Framework and a Strategic Sustainable Development approach through a proposed integrated process. To build our research the questions aim to collect experience in practice rather than the theory in the GRI Reporting Framework. Therefore, help from practitioners is needed.

The purpose of this survey is to help identify current:
- motivators and approaches to sustainability reporting;
- process for determining relevance of sustainability aspects to be reported;
- relationship between strategic planning and sustainability reporting.

This survey consists of a number of open and closed questions and should not take more than 15 to 20 minutes of your time. The entered information will not be used for other purposes than this research. Results are used in our academic thesis. You have the possibility to skip personal information and to remain anonymous. As a participant you can indicate whether you want to be kept up to date of our research results and whether you are interested to give feedback on a draft version of the integrated process.

Please continue to the first question by pressing Next

If you have any comments or questions you can contact us by email at
MSLS2012GRI@googlegroups.com

Kind regards,

Edwin Janssen, Selene Kfoury and Rutger Verkouw
Lead and experience

Q1. Please indicate how you found out about this survey, by selecting one of the options provided

1. Direct email from us
2. e-mail via someone else
3. Linked in group: Global Reporting Initiative
4. Linked in group - GRI Training Partners
5. Linked in group - International Sustainability Professionals
6. Linked in group - FSSD Global Network Group
7. Linked in group - Ethical Corporation: Corporate Responsibility and Sustainability Reporting
8. Linked in group - Sustainability Practitioners
9. Linked in group - The Natural Step
10. 2degrees managing sustainability
11. 2degrees CSR and sustainability reporting
12. (if Other, please specify)

Q2. How many years of experience do you have with sustainability reporting?

“Less than 1”, “1” through to “24” and “25 or more”

*Q3. How many years of experience do you have with The GRI Reporting Framework?

“Less than 1”, “1” through to “12” (GRI G1 was released in 2000)

*Q4. As what type of practitioner did you gain your main experience with sustainability reporting?

(Multiple answers possible)

“Reporter”, “Consultant”, “Trainer”, “Reader”, “Academic” and “Other (please specify)”

Q5. In what type of organization(s) did you gain your main experience?

“Multinational”, “Corporate”, “SME”, “NGO”, “Governmental”, “Academic Institution”, “Other (please specify)”

Reasons Reporting

Please answer the questions based on your experience in practice rather than the theory in the GRI Reporting Framework.
Q6. In your experience, how would you rate the following organizational reasons for sustainability reporting?

(Reasons source: G4 Development - First public comment period, February 10 2012)

“Not important”, “Neither important nor unimportant”, “Important”, “Very important”, “Extremely important”, “N/A”

1. Identify strategic opportunities
2. Improve collaborations across functions in the organization
3. Improve risk management
4. Improve organizational performance
5. Manage reputation
6. Engage with investors, employees and other stakeholders
7. Provide transparency on risks, opportunities, performance and impacts
8. Establish trust with key stakeholders
9. Optional: comments

Barriers and enablers GRI Framework

Q7. In your opinion, what are the barriers in applying the GRI Reporting Framework?

Q8. In your opinion, what are the enablers that facilitate applying the GRI Reporting Framework?

Reporting Process

Q9. Please briefly describe, in your own words, your reporting process.

Familiarity GRI Process

*Q10. a) Are you familiar with the GRI Reporting Process (Prepare, Connect, Define, Monitor and Report)?

b) Do you use it?

Please select one of the answer combinations.

a)Yes, b)Yes (Leads to Q11)

a)Yes, b)No (Leads to Q12)

a)No, b)No (Leads to Q13)
Familiar not used

Q12. In your opinion, why is the GRI Reporting Process not (fully) used?

Identification of topics

Q13. Please, briefly describe the process you use to identify relevant sustainability topics/aspects/issues?

Sustainability Context Principle in reporting

*Q14. In your opinion, how would you rate the importance of the Sustainability Context Principle as defined in the GRI Guidelines?

Not Important, Neither Important Nor Unimportant, Important, Very Important, Extremely Important, N/A

SCP for sustainability report

*Q15. Please elaborate on your previous answer?

Experience Sustainability Context Principle

Q16. In your experience, how do you apply the Sustainability Context Principle?

Q17. In your experience, what are the barriers and enablers in applying the Sustainability Context Principle?

Q18. In your experience, when do you apply the Sustainability Context Principle during the reporting process?

Materiality

Q19. In your opinion, what is the relationship between the Sustainability Context Principle and the Materiality Principle?

Strategic planning

Q20. In your experience, what is the relationship between strategic planning and sustainability reporting?

Guidance improvement

Q21. In your experience, which parts of the GRI Framework and of the GRI reporting process require more guidance?

Through this survey and further research we want to design an integrated process that combines The GRI Reporting Framework with a Strategic Sustainable Development approach.

*Q22. Would you like to be kept up to date of our results?
Q23. Would you be willing to participate in an interview/discussion?

No, Yes

Q24. Would you be interested and willing to give feedback on a draft version of the integrated process?

No, Yes

Q25. Please provide your email address for follow up

Experience area


Your main experience area is:

(please answer by filling below appropriate boxes AND/OR by indicating sectors in the NEXT question)

1. with a specific organization:
2. OR with multiple organizations:
3. AND/OR with specific industries (no GRI Sector supplements used or available yet):

Q27. AND/OR with specific GRI sector(s) and use of sector supplements:

* Not yet released by GRI as a Final version.

1. Airport Operators
2. Construction and Real Estate
3. Event Organizers
4. Electric Utilities
5. Financial Services
6. Food Processing
7. Media
8. Mining and Metals
9. NGO
10. Oil and Gas
11. *Automotive
The following personal information questions are optional but would help us for reference purposes. This information will remain absolutely confidential and will not be used for other purposes than this research.

1. **Your Name:**

2. **Company:**

3. **Occupation:**

4. **Country:**

29. If you would like to leave feedback or specific questions please use below field.

Again, thank you very much for your time and effort!
## Appendix F: Survey Distribution and Response

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Twitter

Tweet: #GRI Practitioners help requested for #MSLS academic research.  
Survey [http://svy.mk/GNRMu1](http://svy.mk/GNRMu1) sustainability reporting (@Tweedwin73, 6:54 PM-25-03-12)  
Other (Re)tweets  
25-03-2012 55 0

Direct email authors

27-03-2012  
/05-04-2012 51 7

Indirect emails via someone else

25-03-2012  
/16-04-2012 8

**Total outreach (potential respondents)** 75164 41
Appendix G: Research Participants

Only the names of those who provided these explicitly have been included in accordance with the introduction text of the survey.
Appendix H: Context-Based Sustainability (CBS)

In corporate sustainability management, context – or sustainability context, as the Global Reporting Initiative calls it – refers to the combination of circumstances that determines what the norms, standards or thresholds for sustainability performance must be when attempting to judge whether or not an organization’s activities are, or have been, sustainable.

The factors involved in determining context include (a) who an organization’s stakeholders are, (b) what their (the stakeholders’) basic needs are, (c) what the organization’s impacts on related vital capital resources are, or should be, (d) what the status of the relevant vital capitals is, and (e) who else, if anyone, can rightly be regarded as being co-responsible for helping to preserve, create and/or maintain the resources involved at levels required to ensure stakeholder well-being. Proportionate allocations of available resources and/or duties to preserve, create and/or maintain them can then be assigned to individual organizations.

The purpose of establishing context, then, is to make it possible to define norms, standards or thresholds for what an organization’s impacts on vital capital resources must (or would have to) be in order for its activities to be sustainable. Actual impacts can then be measured against such norms, standards or thresholds. Establishing context is therefore an indispensable requirement for measuring, managing and reporting sustainability performance!

Center for Sustainable Organizations (Mark McElroy)

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<td>4.</td>
<td>Define metrics</td>
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Appendix I: GRI Application Levels

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</table>

- **C**
  - Report on all criteria listed for Level C plus 1.2
  - 3.9, 3.13
  - 4.3 - 4.13
  - 4.16 - 4.17

- **C+**
  - Report on all criteria listed for Level C plus 1.1
  - 3.1 - 3.10
  - 3.1 - 3.11
  - 4.1 - 4.15

- **B**
  - Report on all criteria listed for Level B plus 1.2
  - 3.9, 3.13
  - 4.3 - 4.13
  - 4.16 - 4.17

- **B+**
  - Management Approach Disclosures for each Indicator Category

- **A**
  - Management Approach disclosed for each Indicator Category

- **A+**
  - Management Approach disclosed for each Indicator Category

Source: GRI 2011