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95% of the largest global companies report on sustainability

70% of companies with sustainability reports use the GRI guidelines

Source: Marjolein Baghuis, Director of Communications & Network Relations at the Global Reporting Initiative (GRI)

CSR Reporting: Burdensome or Beneficial

Why report?
The benefits of CSR reporting can be significant.

Sustainability reporting:

- Illustrates a company's commitment to sustainable development;
- Serves as a guide to CSR and environmental programmes, which facilitates continuity in the face of turnover and organisational shifts;
- Helps to attract capital from green investors by identifying new markets and business opportunities; and
- Demonstrates the long-term sustainable financial value of an organization.

Harvard Business School recently confirmed that companies situated in countries where sustainability reporting is mandatory performed better in all areas of operations than companies situated elsewhere. Simply put, sustainability reporting works.

> ***"Reporting gives the company an opportunity to understand the consequences and implications of striving to improve our sustainability performance."***
> Nick Rockey, Managing Director, Trialogue, South Africa

Doing it right
Companies around the world are realising the value of reporting on more than just their financials. This value however depends on the actual reporting process.

Six best practices on CSR reporting to consider (Source: Deloitte review of the world's leading sustainability reporters)

- Adopt appropriate key performance indicators.
- Involve numerous stakeholders.
- Third-party verification of non-financial information.
- Leverage reporting efforts.
- Cross-reference hard copy reports to web sites.
- Keep abreast of reporting innovations.

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CSR reporting in Africa

South Africa is regarded as a leader in the sustainability reporting field. International reporting standards are increasingly being incorporated into the South African business environment through documents like the King Code and IODSA Position Papers.

The pressure on South African companies to report is building – whether the reasons for reporting are to comply with minimum standards, maintain a reputation or save costs.

The situation elsewhere in Africa is very different. Few reporting guidelines or monitoring mechanisms exist to regulate reporting, and there is less pressure from stakeholders on companies to be transparent.

For example, Nigeria - one of Africa's biggest economies has no visible national CSR platform, resulting in the countries biggest corporate entities implementing their own standards and monitoring mechanisms. The influence of global trends will inevitably impact the standards for reporting in Africa.

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Introduction to the new GRI G4 Guidelines

The Global Reporting Initiative (GRI) is the most widely used corporate social responsibility reporting structure in the world. With the release of the new G4 framework on 22 May 2013, these are the changes you need to be aware of:

Application Levels: Instead of using application levels, every reporter must now meet a minimum threshold with a two-report grace period for first time reporters.

Governance and Remuneration: More disclosures to strengthen the link between governance and sustainability performance and the way remuneration is determined.

Materiality: Companies must decide which issues are material to their business based on consultations with stakeholders.

Greater Board Accountability: Two new disclosures (D152 and D153) place more responsibility on board members to review and participate in the reporting process.

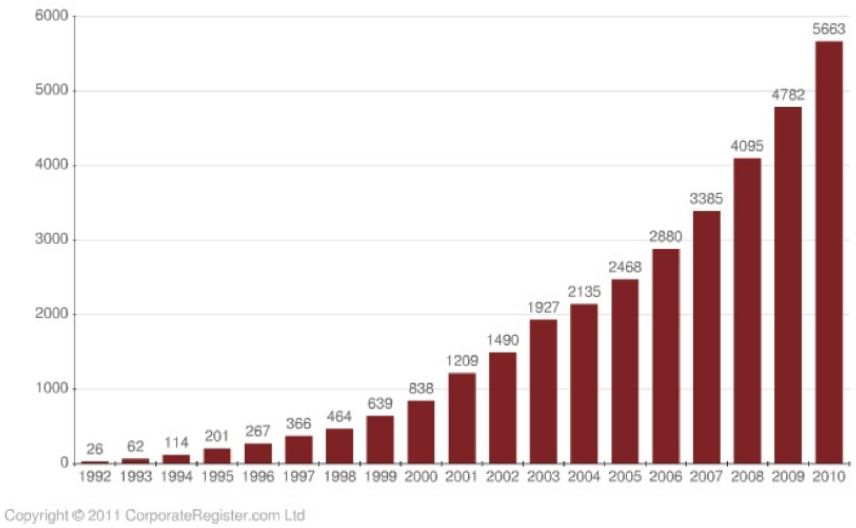
Supply Chain: More thorough definitions and much more detailed reporting requirements.

Disclosure on Management Approach: Reporting on management approach should now be driven by identified material aspects.

The new G4 standards have come in for some criticism, particularly because of the inclusion of value chain assessments in order better define an organisation's broader negative and positive impacts. Critics say this is too complex for multinationals and too burdensome for smaller organisations. Value chain reporting is important and can benefit an organisation, although it may be better for small organisations to startand to progress gradually.

Whilst the G4 guidelines provide a welcome departure from reporting processes that simply involve ticking boxes to comply, it remains to be seen whether companies will embrace the new guidelines or whether they will step back from the more onerous GRI standards and find alternative and innovative ways to report on sustainability measures. But either way, there is no doubt that the number of companies reporting on their CSR will continue to increase. (See graph)

Corporate disclosures on the rise



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