



FACT SHEET

Governance & Accountability Institute, Inc.

Your Sustainability Headquarters

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THE "WHAT MATTERS" RESEARCH PROJECT

About the Content of Corporate Reports - Materiality is Key

In the GRI reporting framework the process of defining report content for disclosure centers on the concept of materiality and stakeholder engagement to help determine materiality. The nature of the content in corporate sustainability reporting is an important consideration for both external and internal stakeholders, and increasingly, to a company's shareholders.

Therefore, corporate managements are conducting thorough, comprehensive stakeholder engagements and internal assessments of their operations and economic, environmental and societal impacts to determine the level of *materiality* for public disclosure. The outcome of these materiality processes help to shape the content of the sustainability report -- as well as sharpen the focus for determining the resources needed for preparation of the report.

From sector-to-sector and company-to-company, the process for determining materiality will vary. For example, an energy utility company's GhG emissions is of high materiality to stakeholders, but at a pharmaceutical company, product safety and responsibility would be considered by many to be higher up in the ranking of material sustainability issues.

The G&A Institute Analysis of Corporate Reporting

The results of the G&A's latest research rank 84 different particular GRI performance disclosures from most material to least material, for each of 35 sectors, from the perspective of the decisions made by the reporters who each conducted their own thorough materiality assessment for their organization. (The sectors were designated by GRI.)

Governance & Accountability Institute team members analyzed 1,246 global GRI G3 and G3.1 reports issued in calendar year 2012 to assess the level of disclosure across all 84 GRI performance indicators. A requirement of the GRI framework's reporting process is to conduct a thorough materiality process, taking into account stakeholder views, to determine report content including the indicators selected for disclosure. Therefore, the results of this analysis should shine light on the collective knowledge of these 1,246 organizations' materiality assessments.

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GRI - The *de facto* Standard for Corporate Reporting

The *de facto* standard for companies publishing sustainability reports is the Global Reporting Initiative (GRI) guidelines. The G3.1 guidelines contain 84 different key performance indicators organized in six categories -- Society (SO), Human Rights (HR), Economic (EC), Labor Practices and Decent Work (LA), Environment (EN), and Product Responsibility (PR).

The Global Reporting Initiative framework for sustainability reporting has been used by companies and institutions since 2000. The fourth generation of the framework -- the G4 -- was developed over several years through a multi-stakeholder process. The G4 will be required for reporting after December 2015; until then companies can use the third generation (G3.1) or the G4.

The G4 places considerable importance on the materiality of content -- stressing quality over quantity of information. Reporters are expected to utilize a comprehensive materiality process to determine content. Engagement with stakeholders is a critical part of this process.

The G&A team utilized a conversion document issued by GRI to convert the results to the new G4 framework indicators, in order to provide forward looking information for reporters that are now planning for their next report to use the updated fourth generation of the GRI framework for sustainability reporting.

About the G&A Methodology

The G&A Institute team utilized the GRI global database's data sets for reports published in year 2012 for the base of the 2013 research project. Each report was examined for level of disclosure to all 84 of the GRI 3.1 performance indicators which were also converted to the new G4 indicators for future planning. The G&A team weighed the level of disclosure (depending on whether it was full, partial, undifferentiated, or not disclosed at all) and this resulted in a "most reported" to "least reported" ranking for all 84 performance indicators.

While the analysis was underway the G&A research team recognized that there were "easy to respond" indicators for many organizations (the information is readily available - for example economic indicators, or employee makeup). Because organizations typically disclosed information on these more often across all sectors, this created "noise" in the analysis, resulting in certain indicators always being at the top of the list.

To address this, the G&A research team created a "difference score" which looked at the difference between all 1,246 organizations' level of disclosure on a particular indicator, and the level of disclosure in one of the 35 specific sectors ranked. We then ordered the responses based on this difference score to present a much clearer focus on what was determined by the reporting organizations as material information in each sector.

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Results/Outcome

The result of the year-long analysis of 1,246 corporate sustainability reports published in the year 2012 is a ranking of the most material to least material disclosures related to ESG performance for each of the 35 GRI defined sectors.

The complimentary research paper containing the Top 10 and Bottom 10 performance indicators for each of the 35 sectors is publicly available at the G&A Institute web site: www.ga-institute.com/sustainability-what-matters.html.

The entire ranking of all 84 indicators with supporting information is available for purchase by sector, as well as other customized research which is detailed in the complimentary research paper. For more information, go to www.ga-institute.com/getall84.

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About G&A Institute (www.ga-institute.com)

A New York-based, private sector company providing sustainability-focused services and resources to corporate and investment community clients, including: Issue Counseling & Sustainability Strategies; Sustainability Reporting; Materiality Assessments; Stakeholder Engagement; Benchmarking; Investor Relations; Communications; Coaching, Team Building & Training; Issues Monitoring & Customized Research; Third Party Recognitions. G&A is the exclusive Data Partner for the GRI in the United States of America, the United Kingdom and the Republic of Ireland.

About Global Reporting Initiative (www.globalreporting.org)

The Global Reporting Initiative (GRI) is a network-based global [not-for-profit] organization that has pioneered the development of the world's most widely-used sustainability reporting framework, and is committed to its continuous improvement and application worldwide.

About "ESG"

Companies and institutions are in general agreement with various stakeholders that the company's ESG performance (environmental, social or society issues, corporate governance) is an important indicator of the company's overall sustainability for the long-term. There are other formulations (such as Triple Bottom Line, for "people, planet, profit" considerations) but evaluation of a company's ESG performance is the more mainstream investment approach. Bloomberg LP has devised comprehensive ESG profiles for thousands of public companies for users of its terminals (300,000+ in use worldwide).

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Editors

The resulting "most important" to "least important" for the 35 sectors is available to media on a case-by-case basis please contact: Peter Hamilton (pghamilton@ga-institute.com)