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Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines

Overview and Applicability to FY07 Army Sustainability Report

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Presentation topics

- The Global Reporting Initiative
- The GRI G3 Guidelines for Sustainability Reporting and Public Sector Protocol
- Applicability of G3 and Public Sector Protocol to Army FY07 Sustainability Report
- Schedule to publish FY07 report
- Ideas to consider for future reports

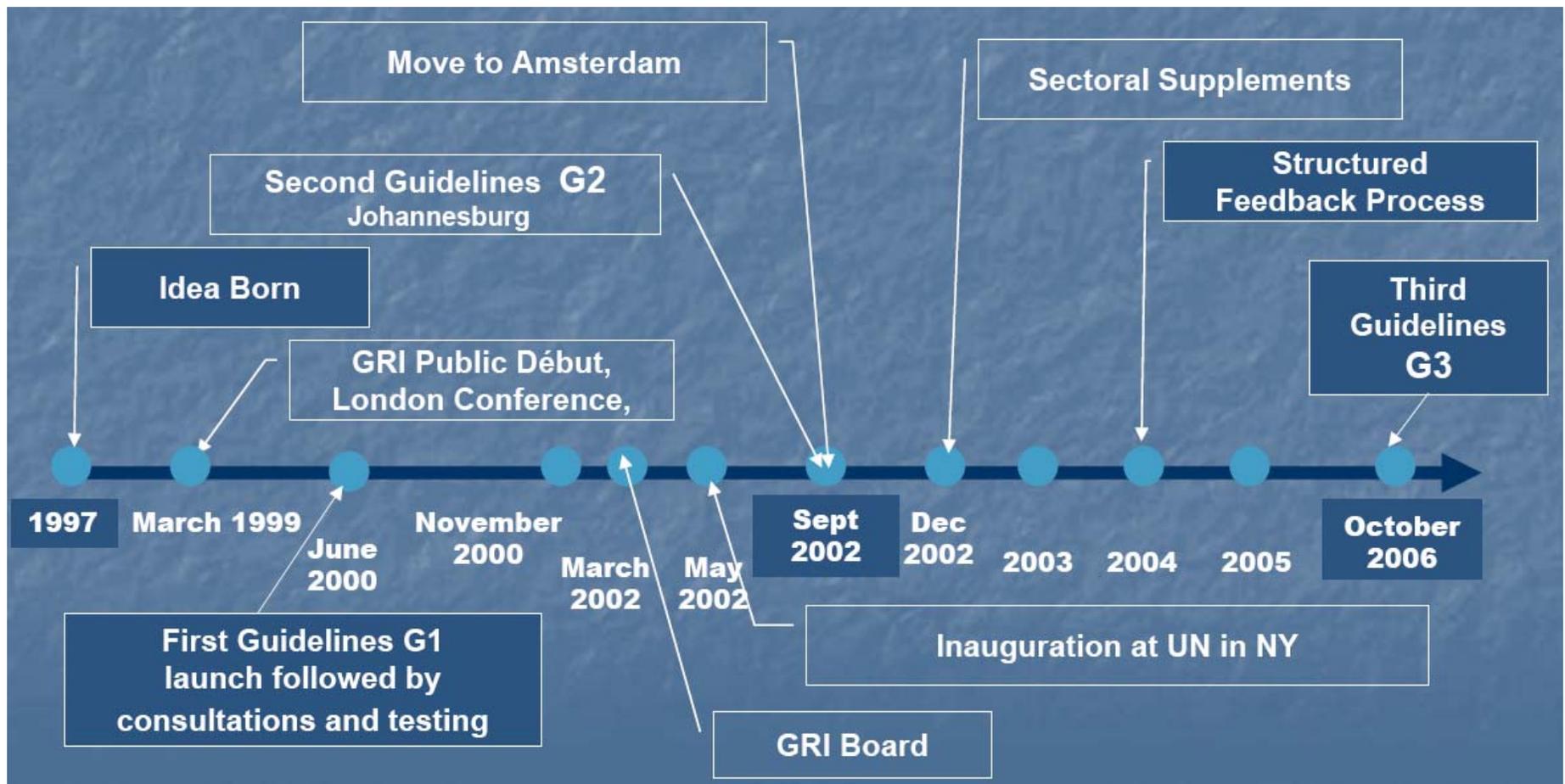


The Global Reporting Initiative

- GRI is an not for profit organization that
 - Publishes guidelines for organizational sustainability reports
 - Facilitates a multi-stakeholder approach to maintain standards over time
 - Serves as a networking forum
 - Provides training, software, and supplemental guidance for organizations producing sustainability reports
- GRI goal is standard, transparent, and comparable corporate sustainability reporting



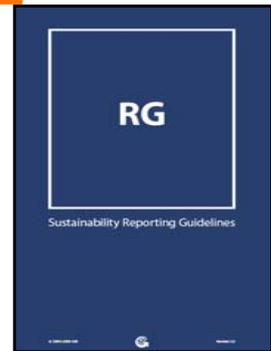
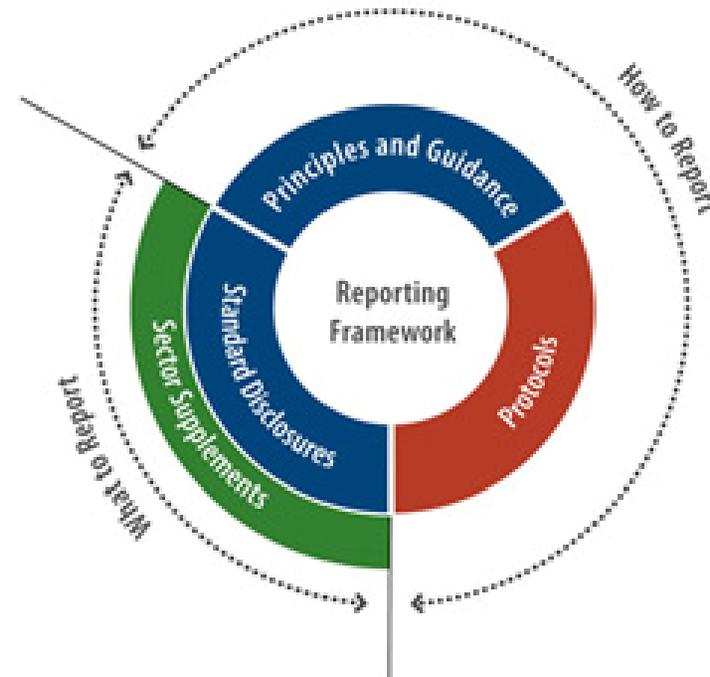
GRI History – from Idea to Standards Body



The GRI Reporting Framework

- **GRI (G3) Report Guidelines** contain guidance as the basis for all organizational sustainability reporting.
- **GRI Protocols** are the "recipe" behind each indicator in the Guidelines and include definitions for key terms in the indicator, compilation methodologies, intended scope of the indicator, and other technical references
- **Sector Supplements** respond to the limits of a one-size-fits-all approach. Sector Supplements complement (not replace) use of the core Guidelines by capturing the unique set of sustainability issues faced by different sectors such as mining, automotive, banking, public agencies and others.

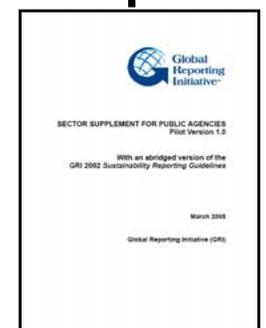
G3 Reporting Framework



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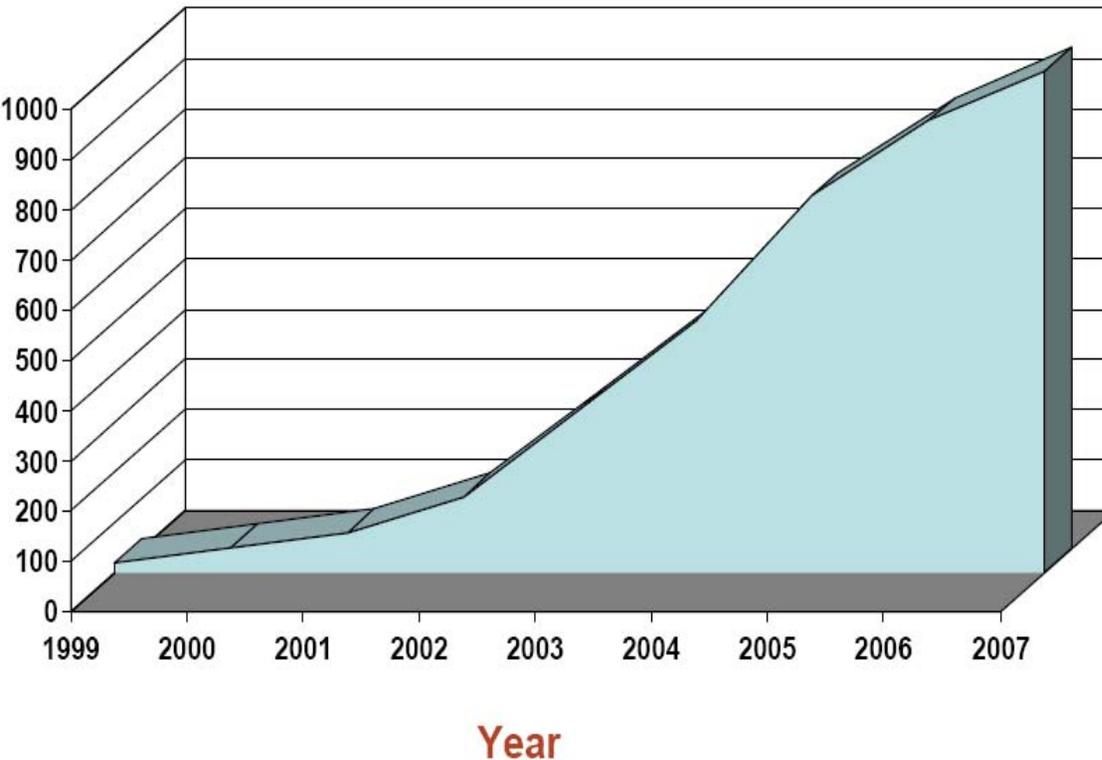


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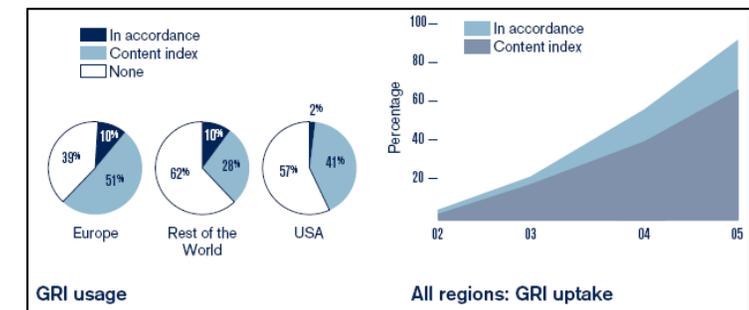
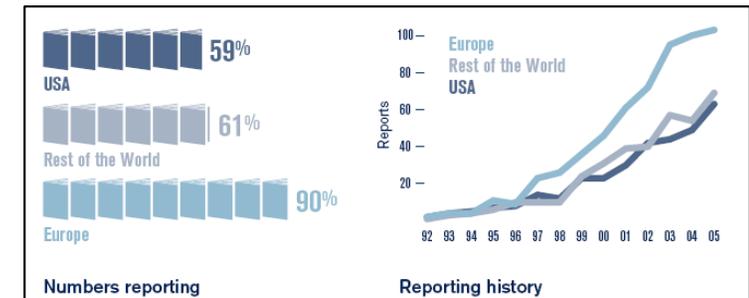
Trend in Company Reports based on GRI Standards

Annual Count of Companies reporting in accordance with GRI



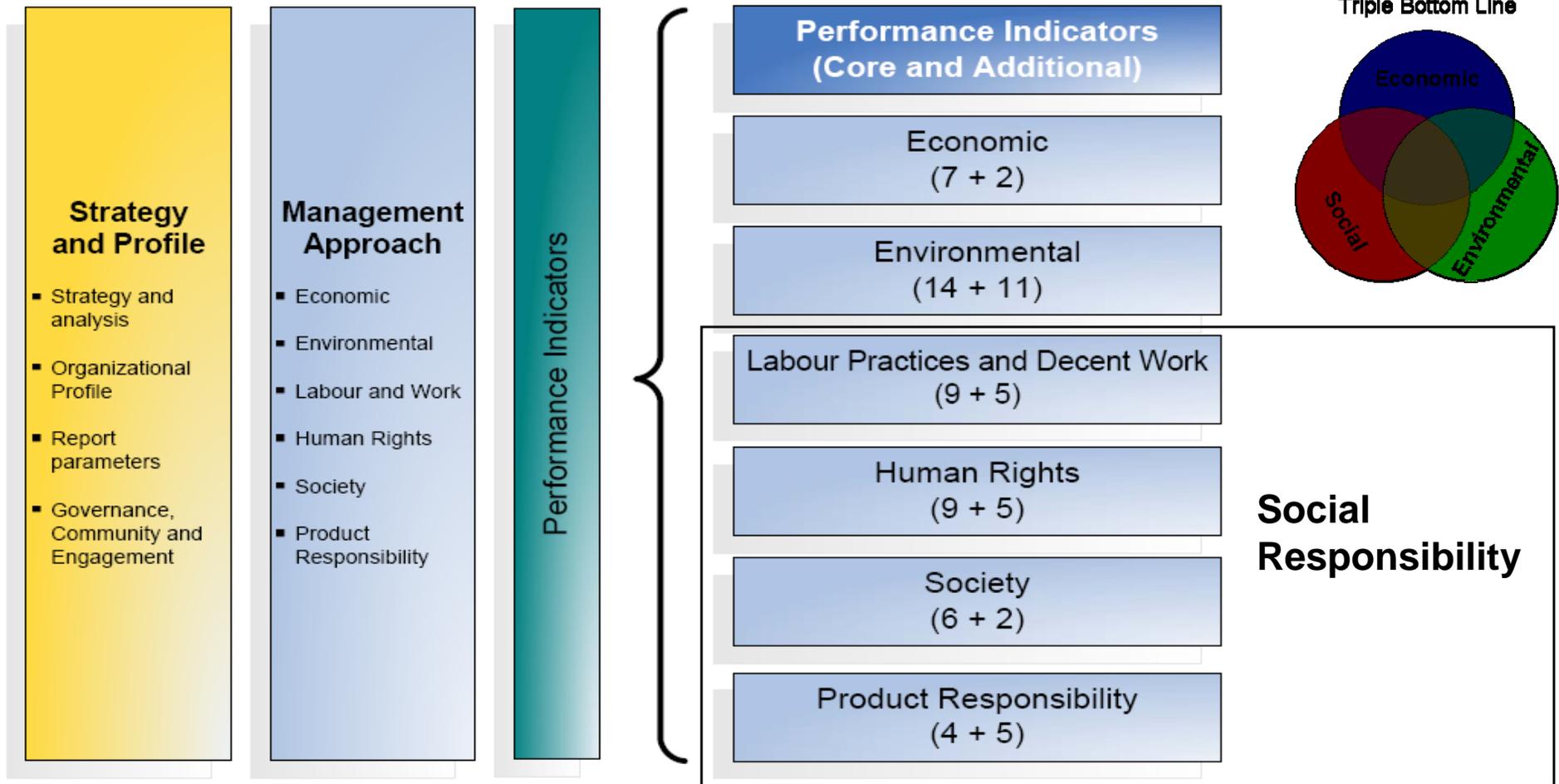
Sustainability Reporting Trends for Global Top 100 Companies

The numbers	Europe	Rest of the World	USA
Top 100 companies reporting	90	61	59
First-time reporters this year	5	7	8
Average reports per company to date	5.8	5.3	4.9
Average pages	72	64	44
Use of external assurance	62	26	3



GRI has gone from niche to corporate best practice

GRI Recommended Content for a Corporate Sustainability Report



GRI provides recommended (not required) framework for company sustainability report. Recommends TBL definition of metrics, not reduction targets or goals

G3 Recommended Report Content

Reference of GRI Recommended Sections to 2008 Army Sustainability Report		
G3 Indicator	Pub Sect	Description of GRI Recommended Report Content
		Vision and Strategy
1.1		Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy. The statement should present the overall vision and strategy for the short-term, medium-term (e.g., 3-5 years), and long-term, particularly with regard to managing the key challenges associated with <ul style="list-style-type: none"> • Strategic priorities and key topics for the short/ medium-term with regard to sustainability, including respect for internationally agreed standards and how they relate to long-term organizational strategy • Broader trends (e.g., macroeconomic or political) affecting the organization and influencing sustainability priorities; • Key events, achievements, and failures during the reporting period; • Views on performance with respect to targets; • Outlook on the organization's main challenges and targets for the next year and goals for the coming 3-5 years; and • Other items pertaining to the organization's strategic approach.
1.2		Description of key impacts, risks, and opportunities. The reporting organization should provide two concise narrative sections on key impacts, risks, and opportunities. Section One should focus on the organization's key impacts on sustainability and effects on stakeholders, including rights as defined by national laws and relevant internationally agreed standards. This <ul style="list-style-type: none"> • A description of the significant impacts the organization has on sustainability and associated challenges and opportunities. This includes the effect on stakeholders' rights as defined by national laws and • An explanation of the approach to prioritizing these challenges and opportunities; • Key conclusions about progress in addressing these topics and related performance in the reporting period. This includes an assessment of reasons for underperformance or over performance; and • A description of the main processes in place to address performance and/or relevant changes. Section Two should focus on the impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the organization. This should concentrate specifically on <ul style="list-style-type: none"> • A description of the most important risks and opportunities for the organization arising from sustainability trends; • Prioritization of key sustainability topics as risks and opportunities according to their relevance for long-term organizational strategy, competitive position, qualitative, and (if possible) quantitative financial Table(s) summarizing: <ul style="list-style-type: none"> – Targets, performance against targets, and lessons-learned for the current reporting period; and – Targets for the next reporting period and mid-term objectives and goals (i.e., 3-5 years) related to key risks and opportunities. • Concise description of governance mechanisms in place to specifically manage these risks and opportunities, and identification of other related risks and opportunities.
		Organization Profile
2.1		Name of reporting organization.
2.2		Organization mission, functions, and responsibilities (e.g., services and regulations).
2.3		Operational structure of the organization.
2.4		Location of organization's headquarters.
2.5		Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report
2.6		Nature of ownership and legal form.
2.7		Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).
		Scale of the reporting organization, including: Number of employees; Net sales (for private sector organizations) or net revenues (for public sector organizations); Total capitalization broken down in terms of debt and equity (for private sector organizations); and Quantity of products or services provided.
2.8		
2.9		List of stakeholders, key attributes of each, and relationship to the reporting organization.
2.1		Awards received in the previous reporting period.



G3 Recommended Report Content

Reference of GRI Recommended Sections to 2008 Army Sustainability Report		
G3 Indicator	Pub Sect	Description of GRI Recommended Report Content
3		Report Profile
3.1		Reporting period (e.g., fiscal/calendar year) for information provided.
3.2		Date of most recent previous report (if any).
3.3		Reporting cycle (annual, biennial, etc.)
3.4		Contact point for questions regarding the report or its contents.
		Report Scope and Boundary
3.6		Process for defining report content, including: Determining materiality; Prioritizing topics within the report; and Identifying stakeholders the organization expects to use the report.
3.6		Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).
3.7		State any specific limitations on the scope or boundary of the report.
3.8		Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.
3.9		Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.
3.1		Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of
3.11		Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.
3.12		Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found:
3.13		Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any
4		Governance Commitments and Engagement
4.1		Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.
4.2		Indicate whether the Chair of the highest governance body is also an executive officer.
4.3		For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.
4.4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.
4.5		Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social
4.6		Processes in place for the highest governance body to ensure conflicts of interest are avoided.
4.7		Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.
4.8		Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.
4.9		Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities
4.1		Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.
4.11		Explanation of whether and how the precautionary approach or principle is addressed by the organization.
4.12		Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.
4.13		Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:
4.14		List of stakeholder groups engaged by the organization.
4.15		Basis for identification and selection of stakeholders with whom to engage.
4.16		Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.
4.17		Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.
		Public Policies and Performance Integration Measures
PA1		Describe the relationship to other governments or public authorities and the position of the agency within its immediate governmental structures.
PA2		Define sustainable development used by the public agency and identify any statements or principles adopted to guide sustainable development policies
PA3		Identify the aspects for which the organization has established sustainable development policies
PA4		Identify the specific goals of the organization for each aspect listed in PA3.
PA5		Describe the process by which the aspects and goals in PA3 and PA4 were set.
PA6		progress, with a focus on outcomes; description of progress relative to goals and targets in the reporting periods, including results of key indicators; actions to ensure continuous improvement toward
PA7		Describe the role of, and engagement with, stakeholders relative to the items disclosed in PA6.



G3 Recommended Economic Metrics

Reference of GRI Recommended Sections to 2008 Army Sustainability Report

G3 Indicator	Pub Sect	Description of GRI Recommended Report Content
		Annual Organization Sustainability Performance Indicators
		Organization Economic Performance Indicators
EC1		Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
EC2		Financial implications and other risks and opportunities for the organization's activities due to climate change.
EC3		Coverage of the organization's defined benefit plan obligations.
EC4		Significant financial assistance received from government.
EC5		Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.
EC6		Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.
EC7		Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.
EC8		Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
EC9		Understanding and describing significant indirect economic impacts, including the extent of impacts.
EC10		Donations to community, civil society, and other groups broken down by cash and in-kind donations per type of group
EC11		Supplier breakdown by organization and country.
EC12		Total spent on non-core business infrastructure development.
EC13		The organization's indirect economic impacts.
	PA8	Gross expenditures broken down by type of payment.
	PA9	Gross expenditures broken down by financial classification.
	PA10	Capital expenditures broken down by financial classification
	PA11	Procurement policy of the public agency related to sustainable development.
	PA12	Describe Economic, environmental, and social criteria that apply to expenditures and financial commitments
	PA13	Describe linkages between the public agency's procurement practices and its public policy priorities. Public policy priorities may involve assisting communities of interest or place, supporting sustainability goals, or assisting a specific industry sector
	PA14	Percentage of the total value of goods purchased that were registered with voluntary environmental or social labels and/or certification programs, broken down by type



G3 Recommended Environmental Metrics

Reference of GRI Recommended Sections to 2008 Army Sustainability Report		
G3 Indicator	Pub Sect	Description of GRI Recommended Report Content
		Environmental Indictors
EN1		Materials used by weight or volume.
EN2		Percentage of materials used that are recycled input materials.
EN3		Direct energy consumption by primary energy source.
EN4		Indirect energy consumption by primary source.
EN5		Energy saved due to conservation and efficiency improvements.
EN6		Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.
EN7		Initiatives to reduce indirect energy consumption and reductions achieved.
EN8		Total water withdrawal by source
EN9		Water sources significantly affected by withdrawal of water.
EN10		Percentage and total volume of water recycled and reused.
EN11		Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high bio-diversity value outside protected areas.
EN12		Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
EN13		Habitats protected or restored
EN14		Strategies, current actions, and future plans for managing impacts on biodiversity.
EN15		Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.
EN16		Total direct and indirect green-house gas emissions by weight.
EN17		Other relevant indirect green-house gas emissions by weight.
EN18		Initiatives to reduce greenhouse gas emissions and reductions achieved.
EN19		Emissions of ozone-depleting substances by weight.
EN20		NOx, SOx, and other significant air emissions by type and weight.
EN21		Total water discharge by quality and destination.
EN22		Total weight of waste by type and disposal method.
EN23		Total number and volume of significant spills
EN24		Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped
EN25		Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.
EN26		Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
EN27		Percentage of products sold and their packaging materials that are reclaimed by category.
EN28		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
EN29		Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.
EN30		Total environmental protection expenditures and investments by type.



G3 Recommended SR Metrics

Reference of GRI Recommended Sections to 2008 Army Sustainability Report		
G3 Indicator	Pub Sect	Description of GRI Recommended Report Content
		Social Performance Indicators
	PAS	Administrative Efficiency: Describe the results of assessments of the efficiency and effectiveness of services provided by the public agency, including the actions taken to achieve improvements in service
		Labor and Decent Work Practices
LA1		Total workforce by employment type, employment contract, and region.
LA2		Total number and rate of employee turnover by age group, gender, and region.
LA3		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.
LA4		Percentage of employees covered by collective bargaining agreements.
LA5		Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.
LA8		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.
LA7		Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.
LA8		Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
LA9		Health and safety topics covered in formal agreements with trade unions.
LA10		Average hours of training per year per employee by employee category.
LA11		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
LA12		Percentage of employees receiving regular performance and career development reviews.
LA13		Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
LA14		Ratio of basic salary of men to women by employee category.
		Human Rights
HR1		Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.
HR2		Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.
HR3		Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
HR4		Total number of incidents of discrimination and actions taken.
HR5		Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, and actions taken to support these rights.
HR6		Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.
HR7		Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.
HR8		Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.
HR9		Total number of incidents of violations involving rights of indigenous people and actions taken.
		Society
SO1		Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.
SO2		Percentage and total number of business units analyzed for risks related to corruption.
SO3		Percentage of employees trained in organization's anti-corruption policies and procedures.
SO4		Actions taken in response to incidents of corruption.
SO5		Public policy positions and participation in public policy development and lobbying.
SO6		Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.
SO7		Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.
SO8		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.
		Product Responsibility
PR1		Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.
PR2		Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.
PR3		Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.
PR4		Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.
PR5		Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.
PR6		Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.
PR7		Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.
PR8		Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.
PR9		Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.



GRI Reports Application Level

- GRI G3 is guidance and not all reports are the same
- GRI G3 contains instructions for companies to note their Application Level

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures <small>OUTPUT</small>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosures <small>OUTPUT</small>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators <small>OUTPUT</small>	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	



Links to GRI G3 Guidelines for Sustainability Reporting and Public Sector Protocol

- GRI G3 Reporting Guidelines and Economic, Environmental and Social Responsibility Protocols

<http://www.globalreporting.org/ReportingFramework/G3Guidelines>

- GRI Public Sector Supplement

<http://www.globalreporting.org/ReportingFramework/SectorSupplements/PublicAgency/>



Applicability of GRI Protocol to Army FY07 Sustainability Report

- Memo from SA/CSA or DASA
- Army Report Scope
- The Army and Sustainability – Sustain the Mission Secure the Future
 - About the Army
 - Army Strategy for the Environment
 - ASE 1 Highlights
 - ASE 2 Highlights
 - ASE 3 Highlights
 - ASE 4 Highlights
 - ASE 5 Highlights
 - ASE 6 Highlights
- Closing thoughts
- Army Sustainability by the Numbers
 - Index of GRI Economic, Environmental and SR Metrics
 - Highlights of GRI metric trends

Considerations

- Link to ASE
- Use FY07 Data
- Use publicly available data
- GRI Application Level B

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	G3 Management Approach Disclosures	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.	Report Externally Assured	Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	



Schedule to publish FY07 report

- Out for Army review mid Feb
- Comments due to AEPI mid March
- Final out April 08.



Ideas to consider for future reports

- Near term ideas
 - Map all GRI Metrics to Army data systems
 - Convene working group to oversee evolution reporting goals and production
 - Produce in conjunction with submission to DoD Environmental Quality Report
- Long term
 - Integrate reporting with Army PAR.

