



Taking responsibility: A discussion about report quality

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Over the last couple of months, there has been a lot of discussion around “false claims in sustainability reports”. The level of engagement on this topic has been remarkable – proving that the uptake of sustainability reporting is really taking root. Other topics covered in these research papers are the credibility of the GRI Application Level Check system, and the role that GRI should be playing in ensuring report quality.

One of the earliest pieces of commentary on this matter was a [blog post by Elaine Cohen](#). In her post, Cohen writes about research conducted by the Vienna University of Economics and Business Institute for Human Resources that sheds light on the differences between claims made by organizations in their sustainability reports and what actually gets reported.

The Vienna team looked at 131 companies of the Forbes 250 list that have published a GRI sustainability report. It focused on nine [Labor Indicator Protocols](#) and six [Human Rights Indicator Protocols](#), analyzing which Indicators were fully reported compared to the claims made by companies in their [GRI Content Index](#).

The results of the research, Cohen notes, were “quite astounding.” For the Labor Indicators, 86% of companies claimed they reported and only 11% actually did. For the Human Rights Indicators, 62% of companies claimed they reported and only 20% actually did.

“Why are companies making inaccurate and deceptive claims in their sustainability reports?” Cohen asks. After all, “A report is only as good as the accuracy and relevance of its content.”

[Transparency International \(TI\) Germany](#) recently analyzed the sustainability reports of 21 major German companies, which all use the GRI Guidelines and have all declared Application Level A or A+. When comparing the Content Indexes of all of the reports with the actual information provided, TI expressed surprise at finding that only 18 Indicators were fully reported on – in contrast to 72 classified as fully reported in the GRI Content Indexes.

The results of their research found that there was only one report which fully complied with its Application Level A declaration.

Another study, which came out just a few weeks ago, claims that there are [multiple discrepancies in sustainability reports](#). The study referred to here was conducted by the Centre for Research on Multinational Corporations (SOMO) and the European Federation of Public Service Unions (EPSU), and was [published](#) on 20 December 2012.

In the report, SOMO and EPSU present the findings of in-depth research into the sustainability reporting of 20 major European electricity companies, stating that there are “significant discrepancies between what electricity companies claim they are reporting on and the information they actually provide in their sustainability reports.

According to the study, most of the companies analyzed use the GRI Guidelines to report. Joseph Wilde-Ramsing, a researcher at SOMO, says, “The widespread discrepancies and inaccuracies we found in sustainability reports reveal that the system in place to monitor and verify the usage of the GRI Framework is insufficient.”

The **GRI Sustainability Reporting Guidelines** were developed to guide organizations on what to disclose. The Guidelines are the foundation of the GRI Framework, which also includes the **Sector Supplements** and the **Technical Protocol**, and are available free of charge in 26 languages.

The Framework is the 'family' of reporting guidance materials provided by GRI, which companies can use to disclose their environmental, social and economic performance. Use of the GRI Framework is not mandatory. As Cohen says: "The choice to use the Framework implies a responsibility to do so correctly."

This is indeed true. GRI is not in a position to police or control the quality of reports based on its Guidelines – this is outside of the remits of what GRI does. However, using GRI's Framework means organizations should engage their stakeholders when developing their reports. GRI also encourages stakeholders to challenge reporting organizations on their sustainability goals and what they report.

So what about the GRI Application Level Check system? Can't this be used to ensure the quality of reports? The **Application Level Check** is a support service that GRI offers to confirm the level at which the Guidelines are used. GRI introduced the Application Levels (A, B, C) in 2006, with the launch of the G3 Guidelines. This was done in an effort to assist organizations wanting to communicate their degree of transparency against the Guidelines.

Through Application Level Checks, GRI often identifies incomplete information. When it does, it prompts organizations to improve their reports. This does not however take the end-responsibility away from the reporting organization with regards to what information is reported.

In recent years, concern has arisen over the fact that the Application Levels are wrongly understood by some report users to be an opinion on the quality of the report, or even a reflection of the sustainability performance of the organization.

To remedy this, GRI has reviewed and further improved the Application Level Check process and communications about the service, so as to avoid any confusion over what the Application Level Check is, and what it is not.

So why are companies making false claims in their sustainability reports and how can this be prevented? At the end of the day, it is reporting organizations' responsibility to choose the right report content and ensure the quality of their reports. What this discussion shows is that increased stakeholder involvement in reporting is needed. Civil society and researchers can help to push report quality, but really the onus lies with the organizations producing the reports to be honest and transparent.

A positive aspect that can be taken from all of this is that reports are clearly being read. Sustainability reporting is an evolving field and the level of engagement that has been witnessed around corporate transparency in the last few months is extremely promising.

To stay up-to-date with the G4 development process [follow this link](#)

For a more in-depth summary of the Application Level Check system, [read this article](#)

Links to recent articles on this topic:

False Claims in Sustainability Reports

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[Sustainability reporting - The dog that didn't bark](#)

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