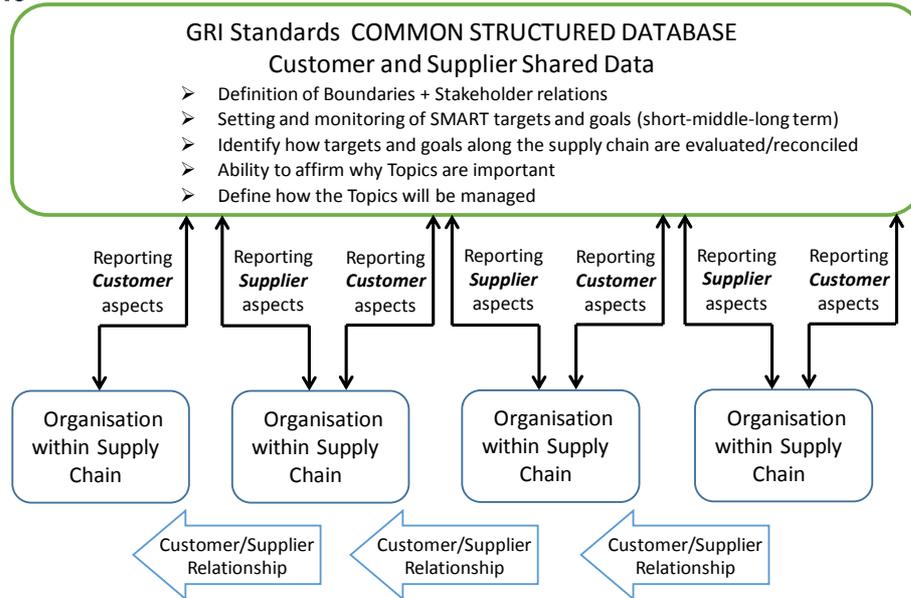**GRI 2016**

Sustainable Development and the Global Supply Chain

GRI 5th Global Conference in Amsterdam.

Reflection and Action following the Supply Chain Workshop: Understand how companies can measure and communicate their impacts, performance and progress through sustainability reporting.

1) In a supply chain, risk mitigation is one of the key indicators of the successful implementation of a sustainability reporting framework
2) I believe that dynamic bi-directional management of information throughout the entire supply chain is vital to achieve this
3) The current emphasis for GRI reporting is for the reporting organisation to assess its suppliers
4) A preferred approach would be to identify specific sets of information that should be shared among players within a supply chain
5) There are two informational perspectives along the supply chain: a) the relationship of an organisation with respect to its customers; and b) the relationship of and organisation with respect to its suppliers. Together they form the bi-directional information flow (data-sharing) along the value chain: customer-supplier and supplier-customer. This information may include:
6) Management Approach:
    a. Ability to easily delineate a common understanding of the Definition of Boundaries along entire supply chain
    b. Stakeholder relations among suppliers and customers are clearly definable along the value chain
    c. Clear methodology for setting and monitoring of targets and goals (short-middle-long term) along supply chain (SMART)
    d. Ability to affirm why Topics/Disclosures are important between supplier-customer/customer-supplier relationships
    e. Define how the Topics/Disclosures will be managed between supplier-customer/customer-supplier
    f. Identify how targets and goals along the supply chain are evaluated/reconciled between suppliers-customers/customers-suppliers with clear ownership of tasks:

GRI Standards COMMON STRUCTURED DATABASE
Customer and Supplier Shared Data

➢ Definition of Boundaries + Stakeholder relations
➢ Setting and monitoring of SMART targets and goals (short-middle-long term)
➢ Identify how targets and goals along the supply chain are evaluated/reconciled
➢ Ability to affirm why Topics are important
➢ Define how the Topics will be managed

Reporting *Customer* aspects
Reporting *Supplier* aspects
Reporting *Customer* aspects
Reporting *Supplier* aspects
Reporting *Customer* aspects
Reporting *Supplier* aspects
Reporting *Customer* aspects

Organisation within Supply Chain
Organisation within Supply Chain
Organisation within Supply Chain
Organisation within Supply Chain

Customer/Supplier Relationship
Customer/Supplier Relationship
Customer/Supplier Relationship

7) GRI G-4 or Standards is not able to support this type of dynamic data exchange in a Structured manner

8) These hierarchical sets of information need to be held in a common database and shared along an entire supply chain in an easily accessible, open manner

The following table illustrates the overall approach to Suppliers and Supply Chain in GRI Standards with my comments in the right column describing how topics are covered:

GRI 2016

GRI Standards Disclosure Document	Observation concerning Suppliers and Supply Chain
SRS_201_General_disclosures	This is very one-sided information and not properly structured. It needs to be bi-directional and collaborative customer-supplier/supplier-customer
SRS_404_Procurement_practices	Coverage is very inadequate. Here again reporting information needs to be bi-directional and collaborative customer-supplier/supplier-customer & properly structured
SRS_405_Anti-corruption	No mention of supply chain here
SRS_406_Anti-competitive_behavior	No mention of supply chain
SRS_502_Energy	Not reconciled along supply chain
SRS_503_Water	No mention of supply chain
SRS_504_Biodiversity	Mentioned in Guidance – but only as an indirect reference
SRS_505_Emissions	No mention of supply chain/suppliers in these Disclosures
SRS_506_Effluents_and_waste	No mention of supply chain/suppliers in these Disclosures
SRS_507_Environmental_compliance	No mention of supply chain/suppliers in these Disclosures
SRS_508_Supplier_environmental_assessment	Data must be structured so it can be shared between customer and supplier – the two must reconcile – with common targets and goals. "two-way engagement" is mentioned in the Guidance, but the data and structure of information does not support any of this.
SRS_601_Employment	Some important information here, but none of it is properly structured and not conducive to use in a collaborative customer-supplier sharing of information
SRS_602_Labor_management_relations	No mention of supply chain among the topics
SRS_603_Occupational_health_and_safety	The obvious importance is stated in the Background Context, but no follow-up in the Disclosure
SRS_604_Training_and_education	No mention of supply chain/suppliers in these Disclosures
SRS_605_Diversity_and_equal_opportunity	No mention of supply chain in these Disclosures, which is surprising considering its importance to a sustainable supply chain
SRS_606_Non-discrimination	No mention of supply chain in these Disclosures, which is surprising considering its importance to a sustainable supply chain
SRS_607_Freedom_of_association_and_collective_bargaining	Some important information here, but structured in a way which is not bi-directional with limited collaborative opportunities
SRS_608_Child_labor	Some important information here, but structured in a way which is not bi-directional with limited collaborative opportunities
SRS_609_Forced_or_compulsory_labor	Some important information here, but structured in a way which is not bi-directional with limited collaborative opportunities
SRS_610_Security_practices	No mention of supply chain in these Disclosures
SRS_611_Indigenous_rights	No mention of supply chain in these Disclosures
SRS_612_Human_rights_assessment	Mentioned in Background Context, but no substance in Disclosure
SRS_613_Local_communities	No mention of supply chain in these Disclosures
SRS_614_Supplier_social_assessment	This section is important, but lacks structure or a collaborative framework
SRS_615_Public_policy	No mention of supply chain in these Disclosures
SRS_616_Customer_health_safety	No mention of supply chain in these Disclosures
SRS_617_Marketing_and_labeling	The only thing mentioned here is: 'the sourcing of components' in Disclosure 617-1 i. This is inadequate
SRS_618_Customer_privacy	No mention of supply chain/suppliers in these Disclosures
SRS_619_Socioeconomic_compliance	No mention of supply chain/suppliers in these Disclosures
SRS_619_Socioeconomic_compliance	No mention of supply chain/suppliers in these Disclosures

There is no cohesive approach to dealing with gathering Structured Data along Supply Chains. This is especially true for the enormous amount of data residing within the global supply chain of SMCs.

9) GRI must realise and facilitate the development and management of this information architecture. Currently the GRI Standards does not address these needs.

10) GRI must define the information that must be shared, reported and ultimately managed and reconciled

11) The structure of the data must allow for the growth and evolution of the supply chain, dynamically over time. I.e. 'bolt-on' supplier or customer modules

12) When a supply chain reporter reads the GRI Standards documents it must be crystal clear why and how each organisation within a supply chain must report and how the principles of content and quality must be applied in a shared data environment between suppliers and customers. Every piece of reported information must be clearly defined in a structured way. The relationships and attributes between the data must be clearly defined

13) Analysis from this Structured Data may be made available to credit intuitions, insurance companies, rating agencies etc. for risk analysis and evaluation.