


Sustainability, the Triple Bottom Line, and the Global Reporting Initiative

By Paulette L. Stenzel

Executive Briefing: This article explores sustainability and the Triple Bottom Line, which is a tool used to examine the effects of business activities on the economy, social equity, and environment. It also discusses the Global Reporting Initiative GRI, an international program that provides metrics to measure practices that align with the Triple Bottom Line. A commitment to sustainability by businesses around the world is essential for our shared future.

 The terms sustainability and sustainable development are frequently used in the public arena today. This article discusses the meaning of sustainability, explores the development of the sustainability movement, and explains how businesses have responded to the movement. Currently the Triple Bottom Line, which looks at economy, social equity, and environment, is used to examine the effects of business practices. Going further, the Global Reporting Initiative (GRI), provides a set of metrics through which businesses measure the effects of their activities on the Triple Bottom Line and these results are reported to the public.

Defining Sustainability

Sustainability has been at the center of international discussions related to trade and development for over two decades. In 1987, the United Nations World Commission on Environment and Development (World Commission) provided what has become a widely-used definition saying sustainability is the ability of society to “[meet] the needs of the present without compromising the ability of future generations to meet their own needs.” Yet, this is not a new idea to humanity. The focus on future generations is long-standing among indigenous people of the Western Hemisphere. The Great Law of the Iroquois states, “In our every deliberation, we must consider the impact of our decisions on the next seven generations.

In past decades many people thought of sustainability primarily in environmental terms, but today the focus has shifted to the Triple Bottom Line, which looks at economy, environment, and social equity. Researchers emphasize that sustainability “is about the interdependence of living organisms and communities (both human and nonhuman) over the long haul.... Each has an impact on and consequences for the others.” Many businesses today are approaching this same realization: sustainability ensures that a firm will be viable over the long term. For example, the investment consulting firm Arnerich Massena has a Seven Generations Sustainability Plan, its mission statement says: “We believe a sustainable approach to business

strives for economic vitality, social equity, and a healthy natural environment.” competitiveness.

Peter Senge is a leading figure in the sustainability movement. In his book *The Fifth Discipline: The Art and Practice of the Learning Organization*, Senge provides an innovative approach to customer and employee relations that focuses on sustainability and explains how to deal with conflicts between environmental and business interests. In their seminal work, *Natural Capitalism: Creating the Next Industrial Revolution*, Paul Hawken, Amory Lovins and L. Hunter Lovins encourage businesses to look for opportunities available in “natural capital,” focusing on a future in which businesses meet customers’ needs, increase profits, and solve environmental problems simultaneously.

Ray C. Anderson, founder and CEO of the global corporation Interface Carpets, is a leader in the sustainability movement. In his book, *Confessions of a Radical Industrialist: Profits, People Purpose-Doing Business by Respecting the Earth*, Anderson describes how his company drastically cut his company’s dependence on fossil fuels, reduced waste, and created new contracts through which customers lease carpet and later return it for reprocessing. Anderson did all this while making a profit and surviving two recessions.

The Triple Bottom Line & the Global Reporting Initiative

The World Commission’s definition of sustainability is helpful conceptually but lacks specificity. The Triple Bottom Line provides a starting point for developing ways to identify and monitor actions that contribute to the three facets of sustainability: economy, social equity, and environment.

Working with the United Nations Environmental Programme (UNEP), Ceres, a Boston-based non-profit organization, developed a program called the “Global Reporting Initiative” (GRI). The GRI provides criteria to measure a company’s behavior in each leg of the Triple Bottom Line. In 2000, under the first Sustainability

Reporting Guidelines released by Ceres, fifty organizations released sustainability reports. In 2008 there 507 companies from fifty-five countries issued reports, and that number is increasing rapidly.

The GRI system is modeled after generally accepted accounting principles (GAAP), which provide ways to simplify and unify conflicting accounting methodologies. Similarly, the GRI puts Triple Bottom Line reporting into a format that promotes “clarity, accuracy, usefulness, comparability, and influence.” “The GRI guidelines help an organization manage its overall impact on the [Triple Bottom Line], as it can improve the quality and transparency of sustainability reporting and provide a reasonable and balanced presentation of performance.”

The GRI program has become a benchmark around the world for measuring, monitoring, and reporting corporate sustainability efforts. Eleven reporting principles are used to produce a Triple Bottom Line report. The principles are implemented through use of 146 indicators. Economic indicators cover, for example, (1) sales, profits, and return on investment, (2) taxes paid, (3) monetary flows, and (4) jobs created. The social equity leg is measured by looking at criteria such as (1) labor practices, (2) community impacts, (3) human rights, and (4) product responsibility. The environmental leg is evaluated according to criteria including (1) air quality, (2) water quality, (3) energy used, and (4) waste produced. Through this reporting system and resulting publicly available reports, GRI provides a way for the public to examine claims of sustainability in light of actual practices.

Companies Using the GRI

Globally, increasing numbers of highly visible multinational companies are participating in the GRI. Most are based in Europe, but increasing numbers are from around the world. They include Royal Dutch Shell, divisions of Coca-Cola, National Australia Bank, CEMEX, the Munich Airport, CEPI, GoLite, Mauser Group, and American Electric Power.

Conclusion

Sustainability is not just a new buzzword; it is essential for survival of the Earth. The growing public demand for responsible corporate behavior coincides with increasing awareness of the need for sustainable development. The Triple Bottom Line provides a way to identify sustainable development through a look at an activity's effects on economy, social equity, and environment. Additionally, the GRI has become an internationally recognized tool for measuring a company's progress toward sustainability. The GRI's tools, which are based on the Triple Bottom Line, give businesses a way to pursue sustainable development in concrete ways.

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