

## Construction & Real Estate Sector Supplement Workshop – Australia 20 October 2010 - Executive Summary

Organized by Global Reporting Initiative and GRI Focal Point Australia  
Sponsored by GPT Group

The Global Reporting Initiative (GRI) and GRI Focal Point Australia was delighted to host a Workshop for the Sector and interested stakeholders to learn more about the [Construction and Real Estate Sector Supplement](#)<sup>1</sup> (CRESS) and feedback directly to the working group through a facilitate discussion.

The half day event in Sydney was supported by GPT Group and attended by approximately 25 key industry stakeholders. Members of the GRI CRESS Working Group also took part in the discussion.

### Program:

- Introduction and welcome - Rosemary Kirkby - GPT Group & Victoria Whitaker, GRI Focal Point Australia
- Introduction to GRI and the Supplement development process Maaïke Fleur – GRI
- Introduction to the draft items of the CRESS Matthew Tippet – Jones Lang La Salle (consultant to the CRESS)
- Reflections on the GRI CRESS by Working Group members
- Open floor discussion

This document summarises the presentations given by Maaïke Fleur and Matthew Tippet; as well as the discussion of the Workshop participants, with selected members of the Working Group, including GRI's CRESS Manager.

This document captures the overarching theme/questions (in heading) raised by participants, followed by GRI's response to that question/theme and key points of the ensuing discussion.

### Background to the event

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Sustainability reports based on the Construction & Real Estate Sector Supplement will be a time and cost efficient tool for companies to keep ahead of increasing demands of stakeholders for transparency and accountability. It will comprise of voluntary and flexible global guidelines on which to base sustainability reporting.

The Global Reporting Initiative Construction and Real Estate Sector Supplement is currently halfway the two year development process. The CRESS Working Group includes international multi-stakeholder representation, including participants from all major regions of the world, and representation from business, not-for-profit and mediating organisations. Find out more about the Sector Supplement [development process](#)<sup>2</sup>.

The CRESS Working Group met in Sydney for from 18-20<sup>th</sup> October 2010. The meeting was the 5<sup>th</sup> for the group and focused on consolidating the feedback from the first Public Comment Period (PCP) of the Sector Supplement. The meeting took place immediately prior to the second and final PCP for the supplement.

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<sup>1</sup> [www.globalreporting.org/ReportingFramework/SectorSupplements/ConstructionandRealEstate/ConstructionAndRealEstate.htm](http://www.globalreporting.org/ReportingFramework/SectorSupplements/ConstructionandRealEstate/ConstructionAndRealEstate.htm)

<sup>2</sup> [www.globalreporting.org/ReportingFramework/SectorSupplements/SSDevelopmentProcess.htm](http://www.globalreporting.org/ReportingFramework/SectorSupplements/SSDevelopmentProcess.htm)

## Maaike Fleur, Sector Supplement Manager, GRI

Maaike is the Sector Supplement Manager for GRI and is responsible for the development of the CRESS.

Maaike’s presentation gave a general introduction and overview as to who GRI is, GRI’s G3 Guidelines and how the Sector Supplement process works. Maaike provided some background to reporting by the C&R Sector, who are the 5<sup>th</sup> most dominant sector of reporting by GRI with 70 reports (out of 1390) worldwide in 2009, growing from just 16 reports in 2006.

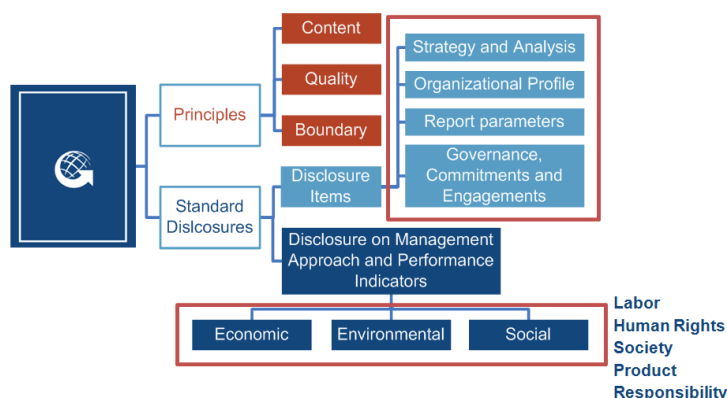
Maaike outlined that GRI develops Sector Supplements with the aim of affecting sustainability impact by enabling more effective reporting, by assisting particular sectors in reporting by addressing specific relevant themes not covered in the G3 Guidelines.

Sector Supplements provide sector-specific sustainability reporting guidance for the sector, which are integrated into the GRI G3 Guidelines and presented as a sector specific document.

Elements of a sector supplement include:

- Introduction for the sector.
- Commentary for the sector on G3 Guidelines content.
- Sector-specific disclosures on management approach and performance indicators, and its associated indicator protocols.

Figure 1: Sector Supplement Element in G3



A sector supplement is developed by a global multi-stakeholder Working Group, through a consensus-seeking approach in a two-year process. The process involves two opportunities for public comment on drafts, prior to being finalised for approval through GRI’s Governance Bodies, the Technical Advisory Committee and the GRI Board.

Meeting	Timeline	Steps
Meeting 1: London, UK	October 2009	Scoping, Identification of issues and prioritization
Meeting 2: Shanghai, China	January 2010	Commentary & Indicator development
Meeting 3: Lake Louise, Canada	March 2010	Commentary & Indicator development
Public comment	29 April to 30 June 2010	Public feedback on indicators
Meeting 4: Amsterdam, Netherlands	July 2010	Review public comments Draft indicator protocols
Meeting 5: Sydney, Australia	18 & 19 October 2010	Protocols development
Formal Public comment	November, December 2010 January 2011	Public comments on full draft Sector Supplement
Meeting 6: Mumbai, India	February / March 2011	Review public comments and finalize the Supplement
GRI-TAC and Board review	March, April, May 2011	Review and release of the Sector Supplement

Figure 2: CRESS Workplan

View Maaike’s presentation in the attached pdf.

Matthew Tippet, National Director of Upstream Sustainability Services, Jones Lang LaSalle UK

Matthew is part of the consultancy team hired to assist GRI with the CRESS. His presentation gave detail to the outcomes to date of the CRESS development process.

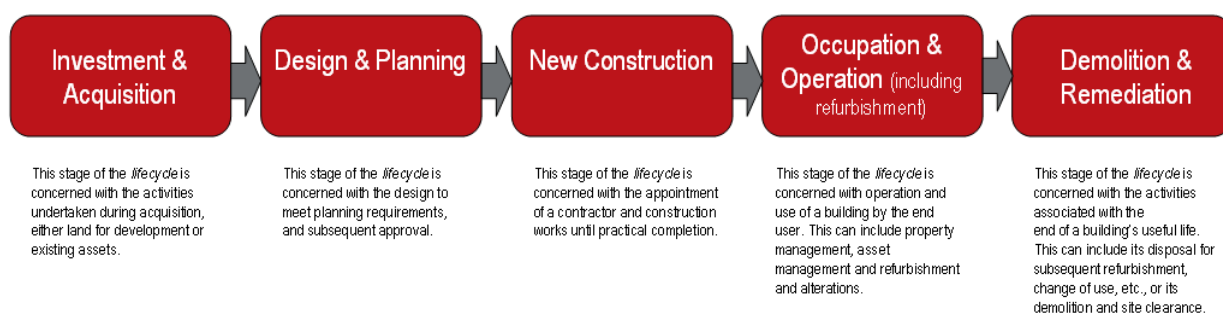
In summary, the presentation reviewed the preliminary research conducted to establish the differing applications of the GRI Guidelines by key stakeholders in the C&R Sector including:

- Purist approach: How can we achieve complete disclosure against the Guidelines (i.e. application level A)?
- Pragmatic approach: What data do we have and how can we use this to inform what to disclose against GRI?
- Materiality approach: Which indicators should we disclose against in light of the most significant sustainability challenges faced by our business?
- Challenge in interpreting: e.g. complex control or influence arrangements

The research also found the prevalence of reporting against particular issues in the sector also differed:

Most prevalent	Least prevalent
<ul style="list-style-type: none"> <li>• Community</li> <li>• Compliance – Environmental</li> <li>• Compliance – Society</li> <li>• Diversity &amp; Equal Opportunities</li> <li>• Emissions, Effluents &amp; Waste</li> <li>• Employment</li> <li>• Energy</li> <li>• Occupational H&amp;S</li> <li>• Products &amp; Services</li> <li>• Training &amp; Education</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Privacy</li> <li>• Forced &amp; Compulsory Labour</li> <li>• Freedom of Association &amp; Collective Bargaining</li> <li>• Indigenous Rights</li> <li>• Investment &amp; Procurement Practices</li> <li>• Market Presence</li> <li>• Marketing &amp; Communications</li> <li>• Overall – Environmental Expenditure &amp; Investment</li> <li>• Security Practices</li> <li>• Transport</li> </ul>

The presentation then summarised for whom the CRESS is intended from a C&R lifecycle perspective. Originally using the image below, the CRESS Working Group will be adapting this linear approach to a more cyclical representation.



Adapted from RICS Property Lifecycle (2009)

Figure 3: C&R Lifecycle (draft for CRESS)

The CRESS is not focussed at the following entities:

- The management of civil and private infrastructure
- The management of agricultural, forestry & marine real estate assets
- The production of construction materials

Matthew summarised the key components of the CRESS and the development process behind the CRESS; including the working group members. Matthew highlighted that the CRESS would essentially interpret and tailor the G3 Guidelines for the C&R sector. It would include an exclusive CRESS Introduction, commentaries on existing performance indicators and disclosures on management approach (DMA); and a handful of new indicators.

In highlighting the progress to date, Matthew demonstrated how the 100+ issues initially brainstormed by the group had been narrowed through a process of checking if the aspects were already sufficiently covered by the G3 guidelines – identifying where new Performance Indicators were needed; where new commentary was needed; where new aspects were required with new DMAs were needed as well as new indicators.

Through this process the working group identified two new aspects (contaminated & remediated land, and design, operation and legacy) and less than 10 new Performance Indicators. In addition there will be several new commentaries on existing indicators and DMAs. Examples were given as to what this might look like within the CRESS.

Matthew highlighted that the next step following the fifth meeting is the release of a second draft for public comment. Responses should be provided via an online survey. The Public Comment Period will commence before the end of the year and last 3 months. Following this, the working group will continue to revise the CRESS, before it goes to GRI's Technical Advisory Committee and Board for approval.

Release of the CRESS is expected mid-2011.

Matthew's presentation is attached.

## Summary of Group Discussion

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The group were asked to nominate a series of issues or questions that they would like to ask of GRI and the CRESS working group. Below outlines the questions asked and the discussion that ensued.

### Responding to the CRESS using survey monkey is challenging

One of the delegates raised the challenging nature of responding to the CRESS Public Comment Period via the lengthy Survey Monkey Survey. GRI representatives noted that they have received a lot of feedback that the current process is challenging and are investigating new options for gaining feedback.

Delegates suggested processes used by other groups might be more useful. Examples given included AccountAbility's use of a Wiki for the review of AA1000SES; this, it was suggested facilitated great multi-stakeholder input and feedback, and should be considered for GRI. It was also suggested that ISO uses a feedback template and different survey tools are available allowing easier navigation between sections.

### Has an analysis been undertaken to assess which companies are not using GRI & Why?

In preparing the supplement, GRI undertook an [analysis](#)<sup>3</sup> of who is reporting and what they are reporting against. Part of the aim of the SS is to reach more companies by tailoring the GRI Guidelines to the specific sector, making it more accessible.

The pursuing discussion highlighted that there are different audiences involved in reporting including: practitioners, managers, NGOs etc. It was suggested that guidance might be necessary for each of these audiences. Also highlighted was the need to consider how the CRESS is positioned within the sector, particularly as there are many companies doing good work but are not necessarily reporting. It was suggested that GRI could follow the example set by the Property Council of Australia and identify which indicators are most material to different parts of the sector/value chain. It was however noted that this is very difficult to do at an international level, given the material differences in different regions, but could be done at a regional level.

Finally, it was suggested that a sector specific "C-Level Reporting Template" should be developed once the CRESS is finalised. And that the CRESS should include an Annex to flag relevant documents such as the PCA reporting framework (which is heavily based on GRI).

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<sup>3</sup> <http://www.globalreporting.org/NR/rdonlyres/13865428-9EAC-4EB0-A8E3-A31AA2F5C38C/3470/CRESSReport.pdf>

Social Indicators are very quantitative – is there any consideration of qualitative measures?

It was highlighted that GRI Indicator SO1<sup>4</sup> is currently under review as part of [GRI G3.1](#)<sup>5</sup> – it is currently proposed that it be broken down into 3 separate indicators, each with their own protocols. The sector supplement will focus specifically on community engagement & knowledge transfer. The indicators developed from G3.1 will be referred back to the CRESS Working Group upon finalisation and retrofitted into the CRESS once finalised, with additional guidance if necessary.

The pursuing discussion highlighted that many reports focus on the positive social impacts, but usually failed to report on the negative social impacts. The question was raised – how can this be overcome?

It was highlighted that ‘[Balance](#)’<sup>6</sup> is already one of the reporting principles in the GRI G3 Guidelines. The development of the G4 framework (due for release in 2012) will seek to strengthen areas of assurance. It is the responsibility of the reporting organisation and the assurance provider (where used) to ensure balance. Assurance providers play an important role in educating the sector on balance.

In addition, it was noted that from a reporter's point of view, providing a balanced view can assist with transparency to the stakeholders, and provide a framework against which to argue negative impacts. It is better to control potential negative views/press by tackling them in an open and transparent way within the report, rather than hiding them away.

How is Resettlement & Displacement being considered in the CRESS?

It was noted that the current language of the G3 Guidelines alludes to developing countries but in Australia is more relevant to developing communities. Social Aspects need to be considered; for example, the role of affordable housing particularly when attempting to raise the socioeconomic bar of a region. The topic of urban renewal and the integration of affordable housing were also highlighted as an important theme of the discussion.

In addition, it was suggested that the wording of resettlement and displacement needs to go beyond the physical to also include the social aspects of resettlement and displacement. For example when a new shopping mall is build it may cause smaller shop owners to be displaced.

In particular, Public housing renewal was highlighted as rarely having post-evaluation. It was noted that this can be an important indicator of resettlement and displacement – especially if the community chooses to stay. The question remains - how has their life changed as a result of the development? Some argued that this doesn't need to be a difficult indicator to report upon as long as it is asking the right question. Research in this area has already been undertaken and needs to be drawn upon. This type of indicator could fit under the Legacy aspect.

It was suggested the work of LEAD & BREEAM would be relevant in this context. They have done a significant amount of work on community development indicators – especially at Aspect levels.

It was noted that as leadership on core / key values of community is gaining relevance as environmental indicators are starting to peak – this will be an important area of competitiveness within the industry in the future.

Importantly, it was suggested that indicators on this aspect could impact upon criteria for the location selection – both environmental and social. The CRESS currently has some reference to Master Planning, but it doesn't have a major focus on this.

What are the indicators for the new Aspect ‘Design, Operations and Legacy’?

The draft CRESS indicators for Legacy related to both positive impacts & negative impacts – specifically longer term and larger impacts. This indicator is intended to assist reporting companies identify the long term positive impacts intended in a development, and to highlight the initiatives by companies aimed to ensure efficient design and operations.

The pursuing discussion questioned what Legacy might include – was it limited to tangible legacies or also those that are intangible.

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<sup>4</sup> Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)

<sup>5</sup> <http://www.globalreporting.org/CurrentPriorities/G31Developments/CommunityImpacts/>

<sup>6</sup> <http://www.globalreporting.org/ReportingFramework/G3Online/DefiningReportQuality/>

It was also noted that it is important to distinguish between legacy activities that are mandatory (legislated) versus those that are 3<sup>rd</sup> party driven (e.g. DA requirement / partner requirement) and those that are voluntary/self-driven. It is about capturing and distinguishing what is 'above and beyond'. The LEAD indicators / metric could be used as a relevant resource for the GRI Working Group.

### What are Investor opinions of the CRESS?

Bloomberg and APG (a Netherlands pension fund) both sit on the CRESS working group and contribute actively to the consensus based discussions. They provide insights from the investor community and have no specific different opinion from the other Working Group members. There is an opportunity to engage investors and educate them in the CRESS and thus sustainability reporting. Already in Australia, many investors met to learn more about the CRESS as part of the CRESS Working Group side-events on the same day that this workshop took place.

### How are Qualitative measures considered? E.g. community and biodiversity

- Question: Some of these issues are so subjective – how do we identify measures for reporting?

Currently a paradigmatic shift is happening from biodiversity to 'ecosystem services', GRI is involved in a study to find the conceptual framework for potential future development of reporting indicators on ecosystem services instead of biodiversity. The CRESS includes some commentaries on biodiversity indicators; for example, sourcing of materials and biodiversity.

The pursuing discussion highlighted that it is very difficult to compare responses to some aspects where they are qualitative. The issue is made more challenging with regards to boundary issues – supply chain and time orientation to boundaries. Landcom highlighted that it has developed its own biodiversity impact indicators – they see this as a very jurisdictional issue.

A second question was also raised - Has Bio-banking been considered? It was suggested that positive outcomes can be achieved by buying land and obtaining credits for setting land aside, but is very difficult to do nationally.

### Is embodied energy in materials included?

GRI representatives highlighted that the CRESS Working Group had a lot of discussion regarding EN1<sup>7</sup> and EN2<sup>8</sup> – they have resolved to place this issue under EN1 – material types and proportions that are recycled.

EN17<sup>9</sup> can be understood to include embodied energy in materials, but is not specific. It was also highlighted that a lot of work was being done around the globe on foot printing and lifecycle – but the answers are yet to come. The issue of *chain of custody* and *lifecycle assessment* makes this even more challenging. It was suggested that the GRI Working Group considers materials against certain principles – e.g. locally sourced, low carbon.

Further discussion highlighted that the Green Building Council of Australia is looking at lifecycle analysis and aim to work with the sector to identify the best way to measure this and report upon this.

For further information on GRI's Construction and Real Estate Sector Supplement visit here:

<http://www.globalreporting.org/ReportingFramework/SectorSupplements/ConstructionandRealEstate/ConstructionandRealEstate.htm>

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<sup>7</sup> EN1: Materials used by weight or volume. (Core)

<sup>8</sup> EN2: Percentage of materials used that are recycled input materials. (Core)

<sup>9</sup> EN17: Other relevant indirect greenhouse gas emissions by weight. (Core)