

Sustainability Reporting:

GRI Perspective

21 March 2023

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GRI’s purpose and impact

Who we are

- GRI is an **independent, international standard setter** providing the **global common language** for transparency on sustainability impacts.
- We help organizations understand and communicate their **sustainability impacts**. In doing so we enable dialogue between organizations and their stakeholders.
- We deliver the **GRI Standards**, the world's most widely adopted sustainability reporting framework – which is **freely provided** as a **public good** and translated into **10 languages**.
- GRI is a **not-for-profit** organization and activities are funded through services we deliver and by governmental and other funders that support our work.

Our impact

78%

of the **largest 250 companies** in the world reporting on sustainability use GRI

10,000+

organizations publish a **GRI report**

970,000

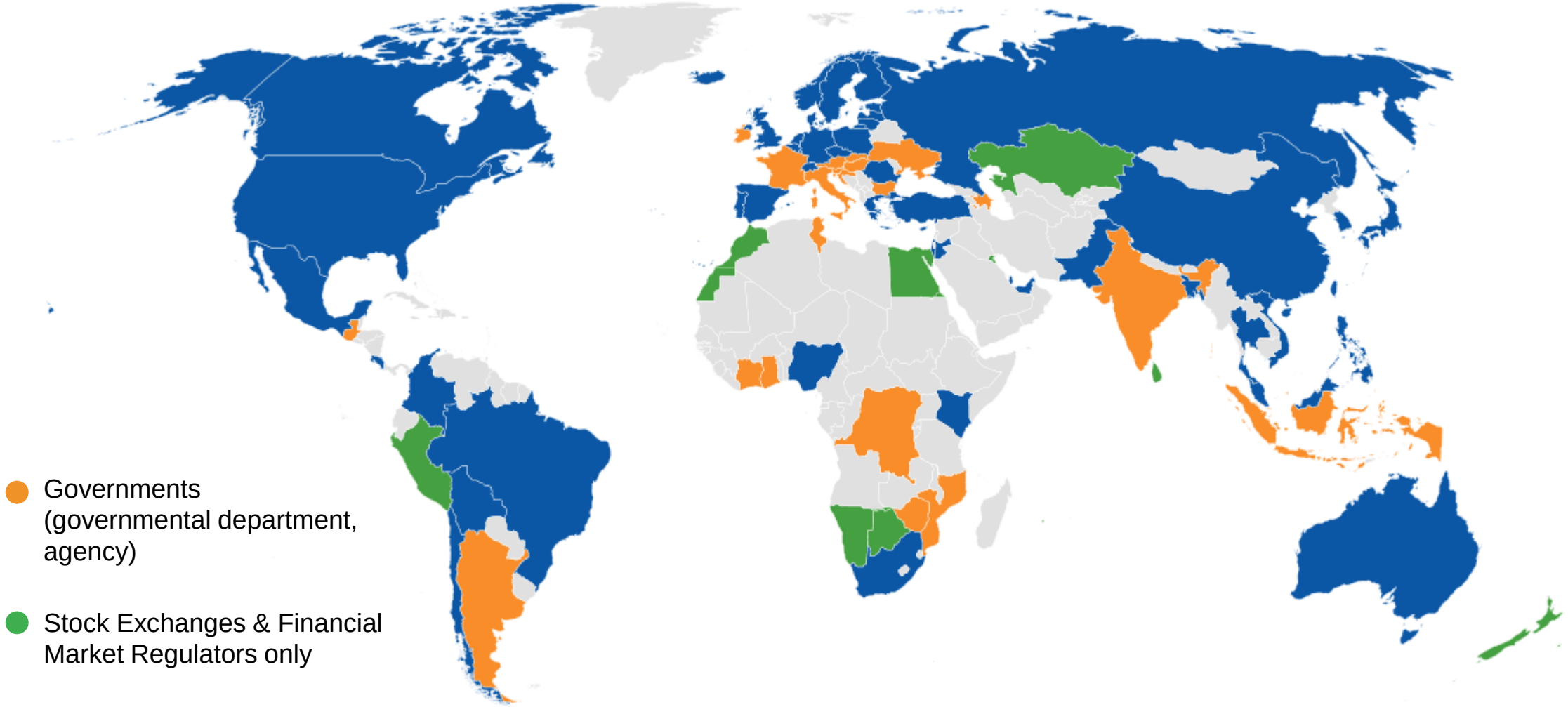
unique downloads of the GRI Standards in 2021, a **45% rise** on previous year

More than 80

training partners across **57 countries** offer GRI Certified Training Courses and train **7000+** professionals per year

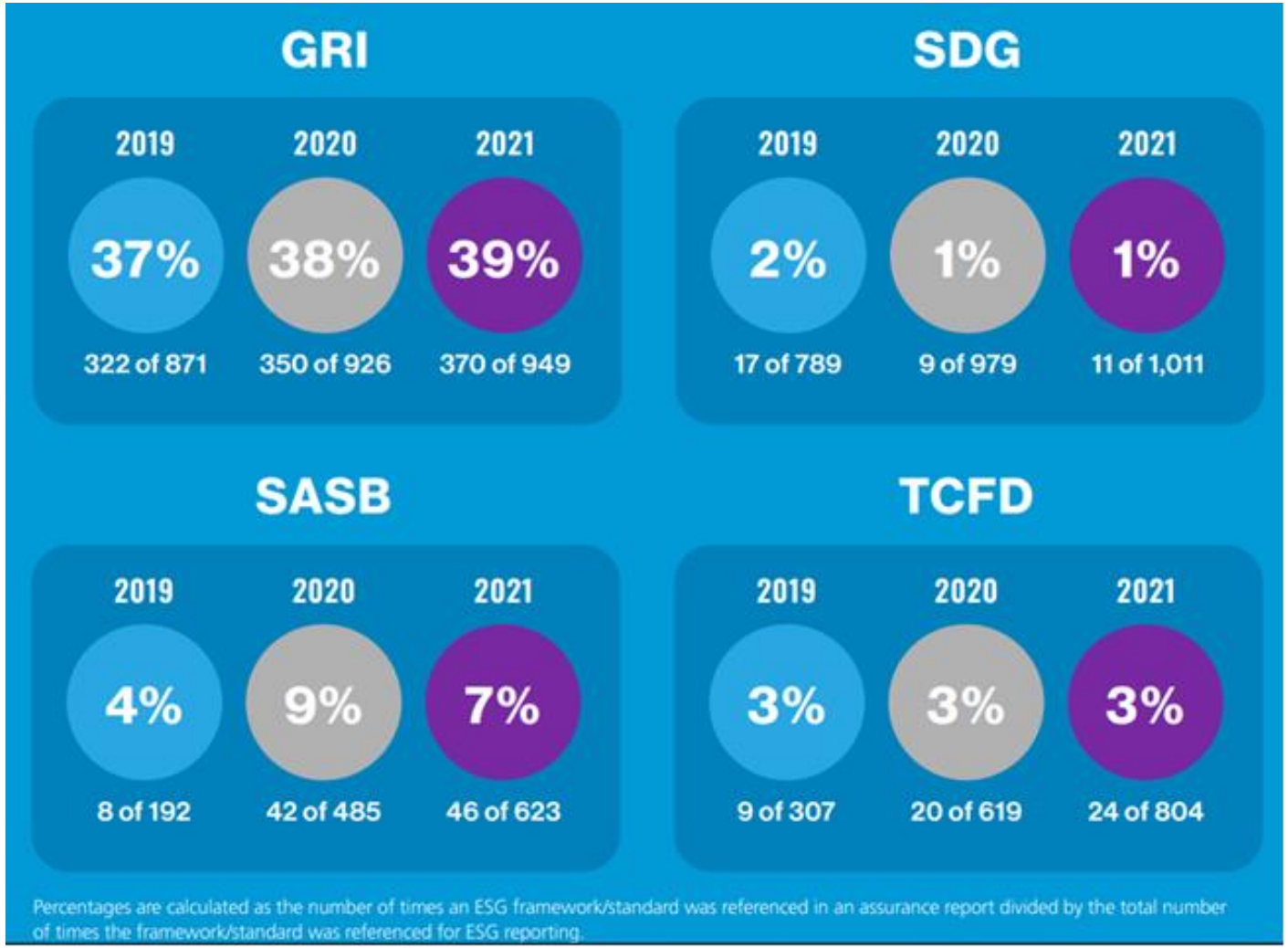
GRI Standards & policy

More than 160 policies in over 60 countries and regions reference or require GRI for reporting



- Governments (governmental department, agency)
- Stock Exchanges & Financial Market Regulators only
- Both

Update on the sustainability reporting landscape



'Information disclosed in accordance with GRI Standards is assured more often than any other reporting framework or standard'

Assessed are 1,350 companies in 21 countries, finding 74% report using the GRI Standards.

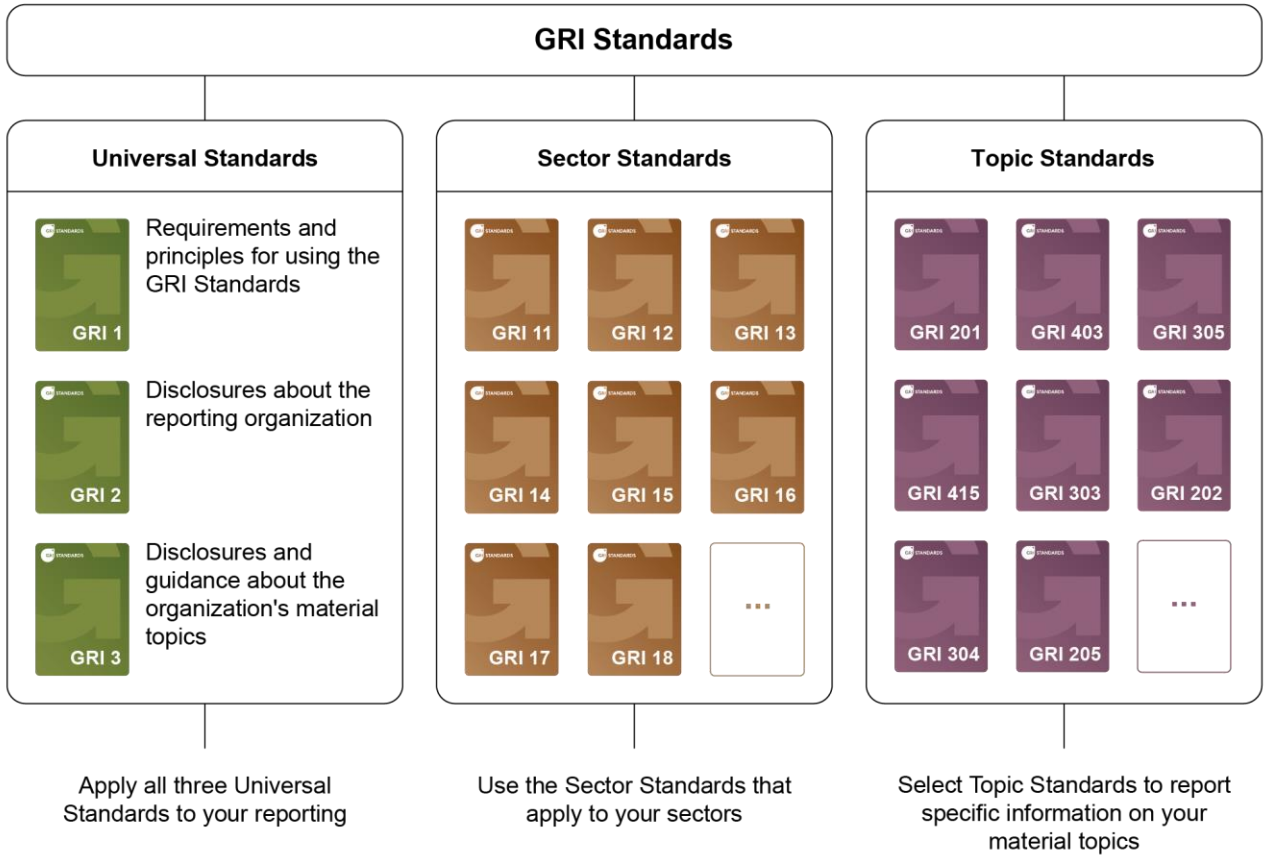
Source: https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/state-play-sustainability-assurance



The GRI Standards

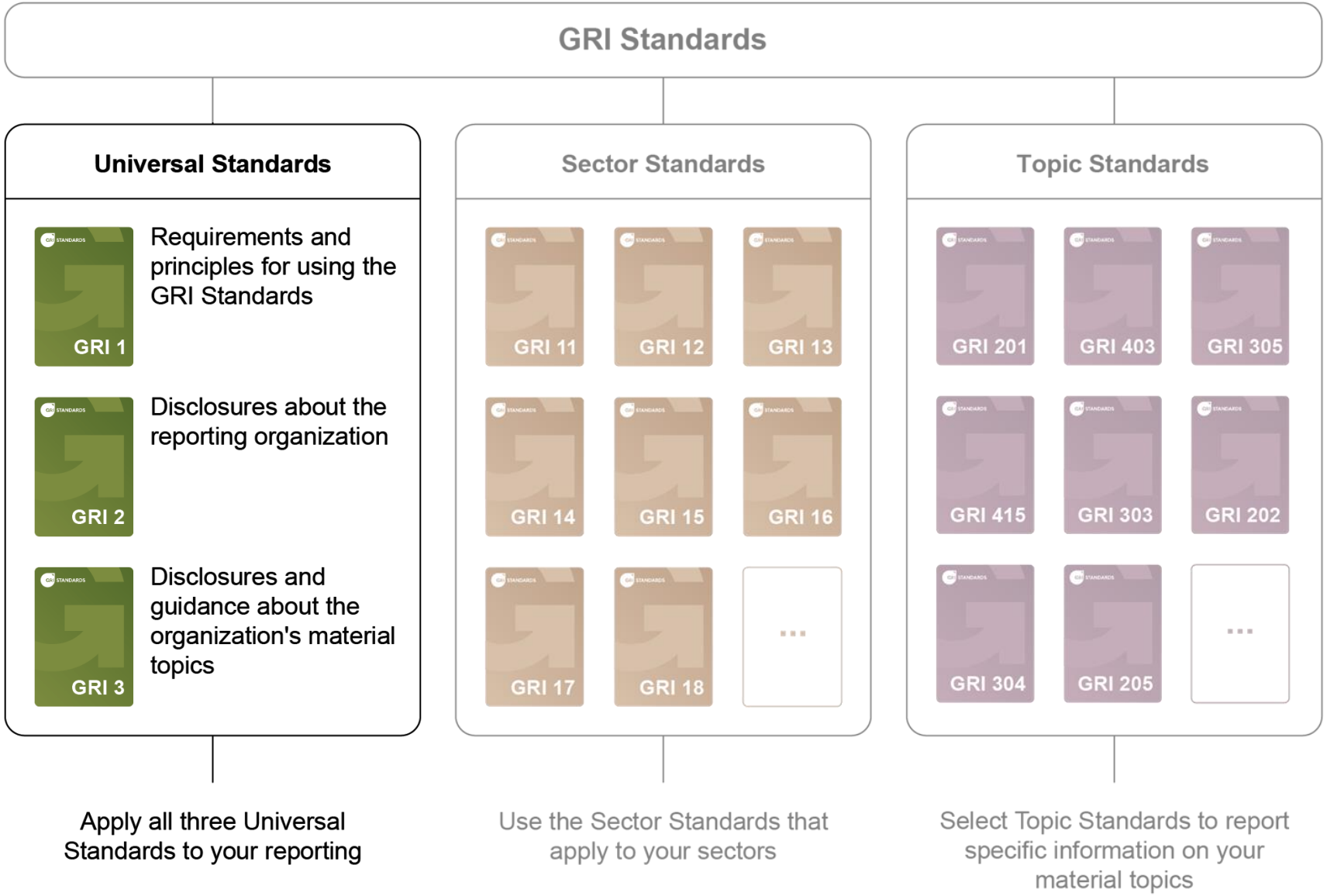
The GRI Standards

- The GRI Standards are a **modular system** comprising three series of standards:
  - revised **Universal Standards**
  - new **Sector Standards**
  - adapted **Topic Standards**



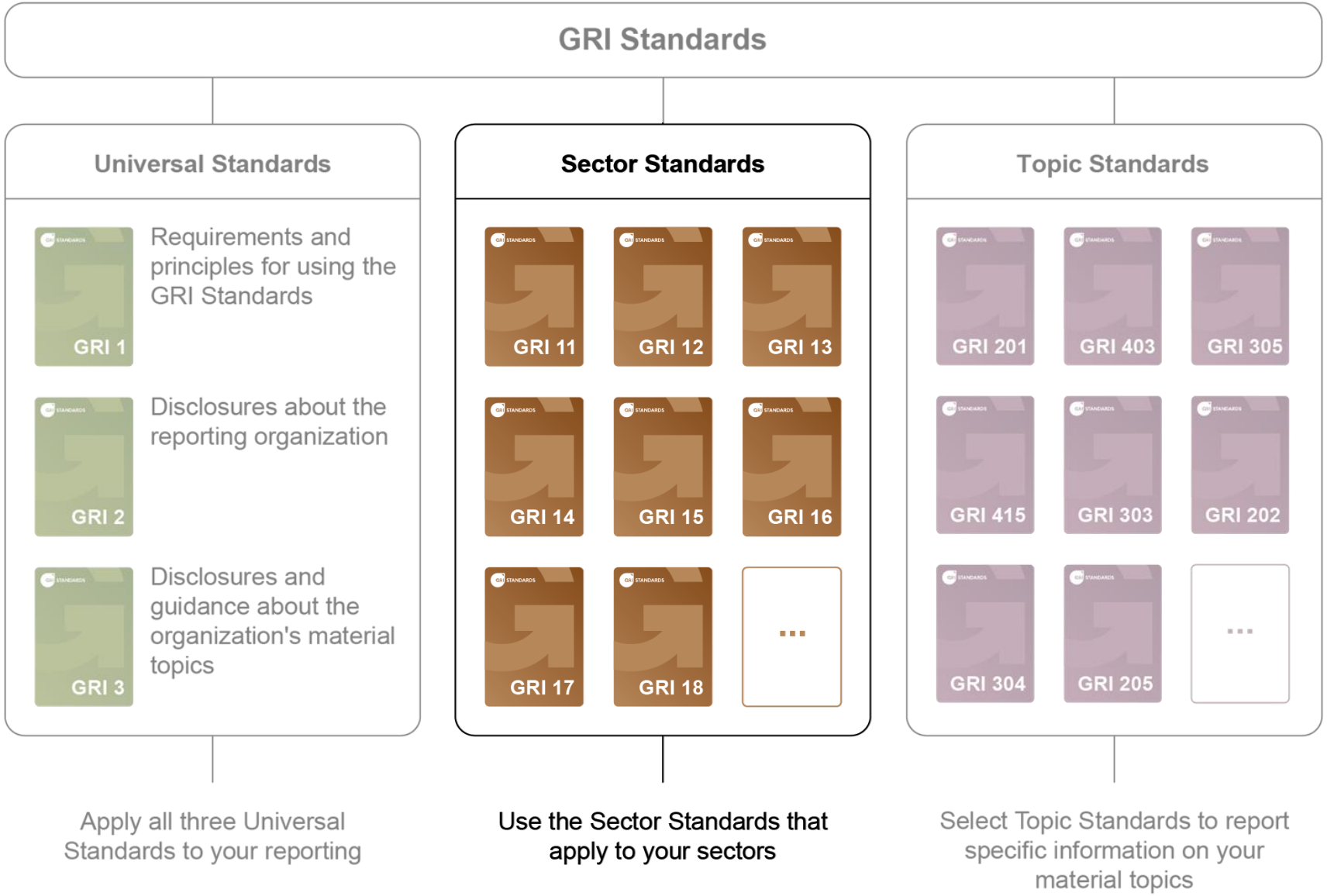
The GRI Standards

Universal Standards



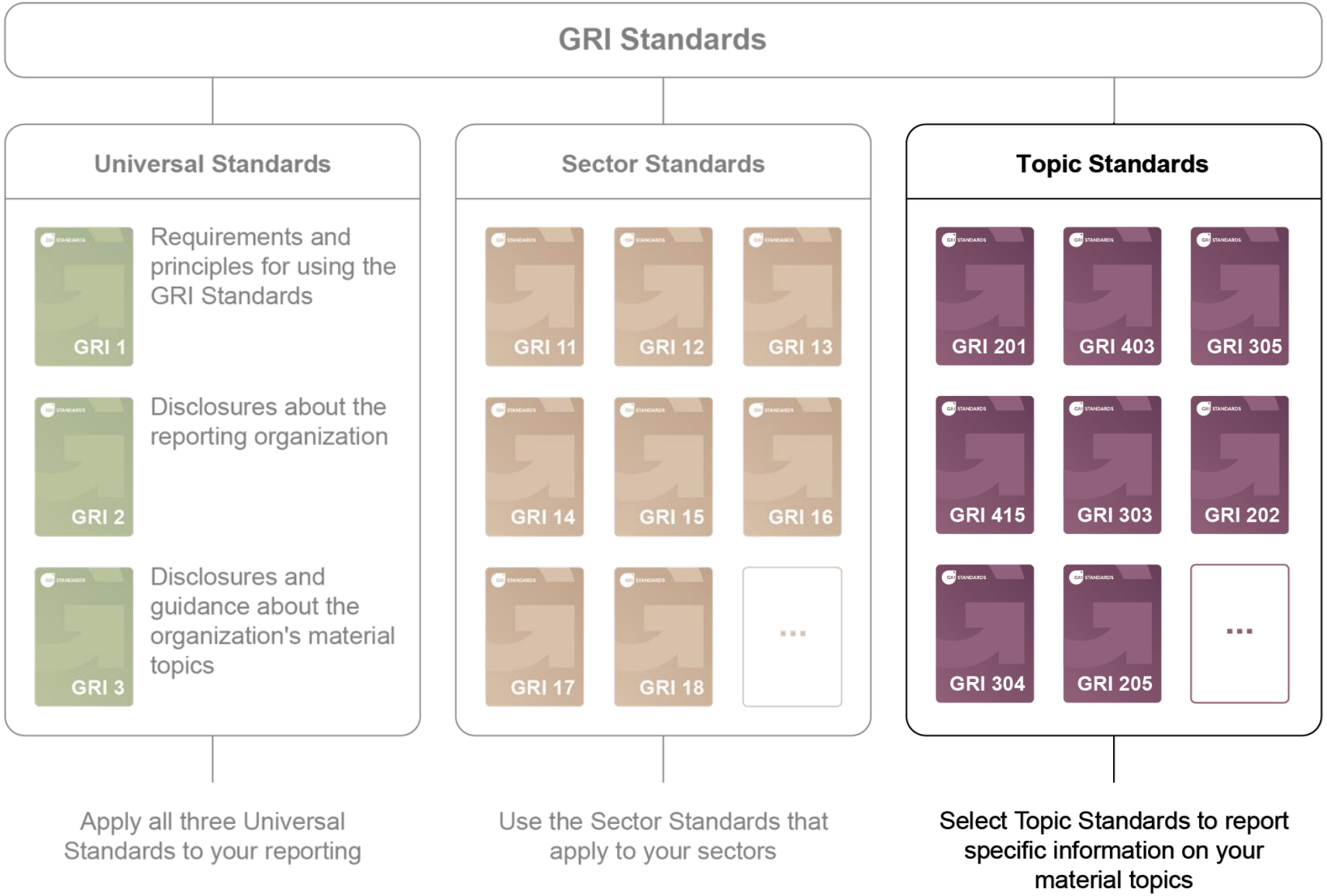
The GRI Standards

Sector Standards



The GRI Standards

Topic Standards





GRI 1: Foundation 2021

Overview of contents

1. Purpose and system of GRI Standards
2. Key concepts
3. Reporting in accordance with the GRI Standards
4. Reporting principles
5. Additional recommendations for reporting

Key concepts in the GRI Standards

IMPACT

the effect an organization has or could have on the economy, environment, or people, including on their human rights, as a result of its activities or business relationships

MATERIAL TOPICS

topics that reflect the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights

Key concepts in the GRI Standards

DUE DILIGENCE

process to identify, prevent, mitigate, and account for how the organization addresses its actual and potential negative impacts

STAKEHOLDER

individual or group that has an interest that is affected or could be affected by the organization's activities

Reporting in accordance with the GRI Standards

Report in accordance with the GRI Standards

- Replaces Core and Comprehensive options
- Comprehensive picture of an organization's most significant impacts on the economy, environment, and people, and how it manages these impacts

Report with reference to the GRI Standards

- If the organization cannot comply with all the requirements for reporting in accordance with the GRI Standards
- If the organization reports information about specific topics for specific purposes

Reporting in accordance with the GRI Standards

Requirements

Requirement 1	Apply the reporting principles
Requirement 2	Report the disclosures in GRI 2: General Disclosures 2021
Requirement 3	Determine material topics
Requirement 4	Report the disclosures in GRI 3: Material Topics 2021
Requirement 5	Report disclosures from the GRI Topic Standards for each material topic
Requirement 6	Provide reasons for omission for disclosures and requirements that the organization cannot comply with
Requirement 7	Publish a GRI content index
Requirement 8	Provide a statement of use
Requirement 9	Notify GRI

Reporting principles

- Accuracy
- Completeness
- Balance
- Sustainability context
- Clarity
- Timeliness
- Comparability
- Verifiability

Additional recommendations for reporting

Aligning sustainability reporting with other reporting

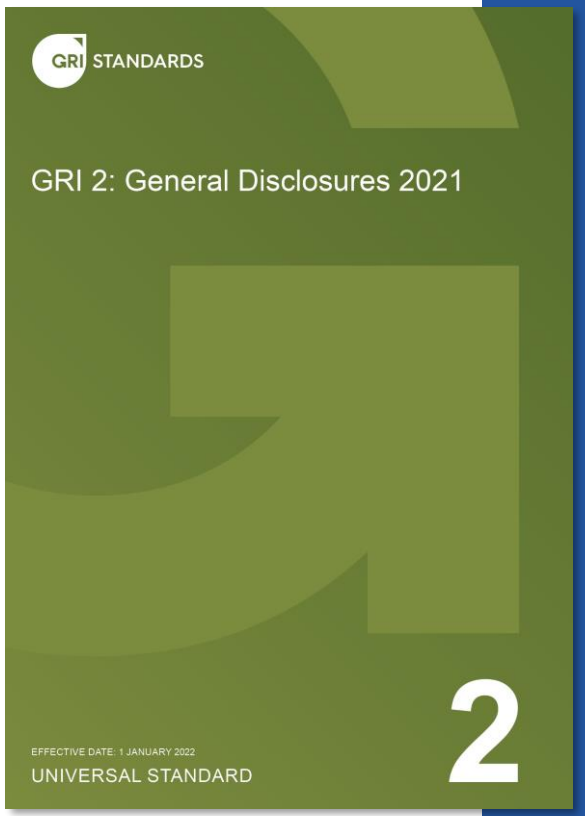
- Recommends aligning sustainability reporting with other statutory and regulatory reporting, in particular financial reporting
- This includes reporting information for the:
  - same reporting period
  - same group of entities

See Disclosures 2-2 and 2-3 in *GRI 2*

Enhancing the credibility of sustainability reporting

- Describes the methods an organization can use to enhance the credibility of its sustainability reporting
- Incorporates guidance on external assurance, internal controls, and stakeholder or expert panels

See Disclosure 2-5 in *GRI 2*



GRI 2: General Disclosures 2021

Overview of contents

1. The organization and its reporting practices
2. Activities and workers
3. Governance
4. Strategy, policies, and practices
5. Stakeholder engagement

Disclosure on external assurance

Disclosure 2-5 External assurance

REQUIREMENTS

The organization shall:

a. describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved;

b. if the organization's sustainability reporting has been externally assured:

- **i. provide a link or reference to the external assurance report(s) or assurance statement(s);**
- **ii. describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;**
- **iii. describe the relationship between the organization and the assurance provider.**



GRI 3: Material Topics 2021

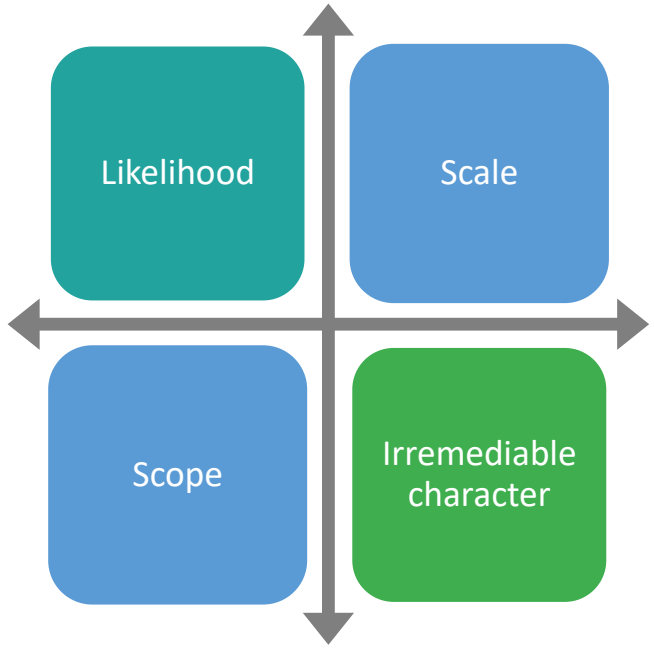
Materiality in the context of the GRI Standards

Material topics represent the organization's most significant impacts on the economy, environment, and people

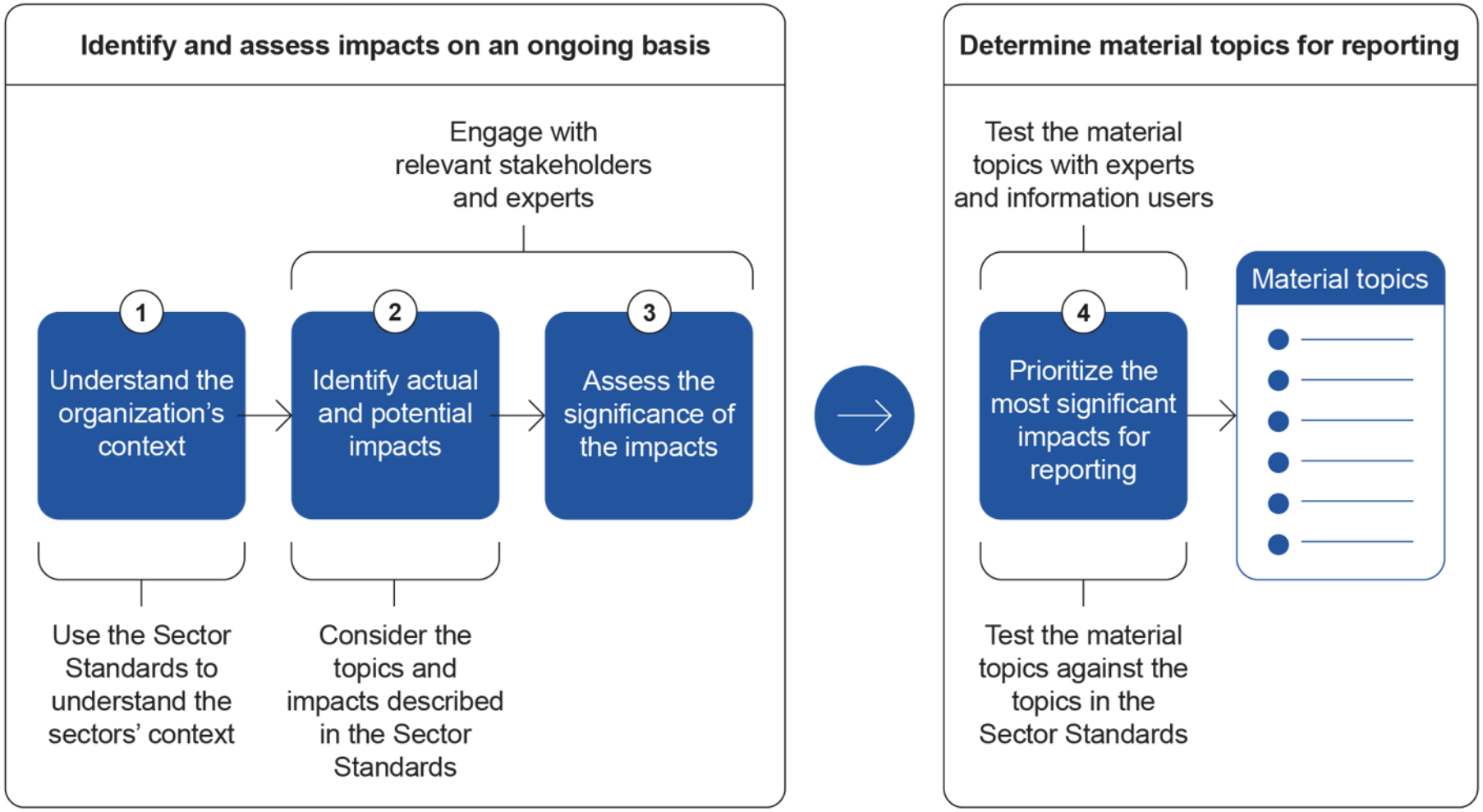
⇒ The significance of an impact is determined by severity, and for a potential impact, likelihood

- For negative impacts, severity is determined by scale, scope & irremediable character
- For positive impacts, scale & scope are considered
- Significance of an impact is assessed in relation to other impacts

⇒ Organizations can be involved with impacts through its activities or as a result of its business relationships

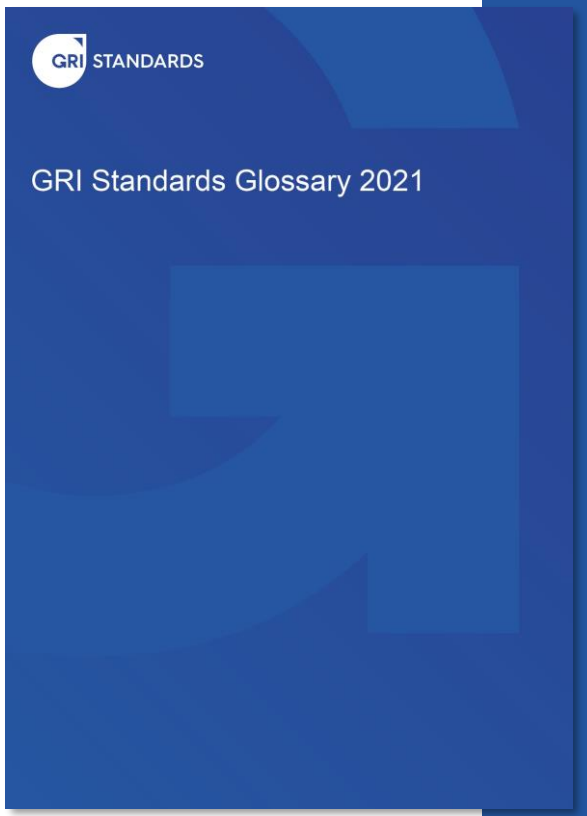


Guidance to determine material topics



Disclosures on material topics

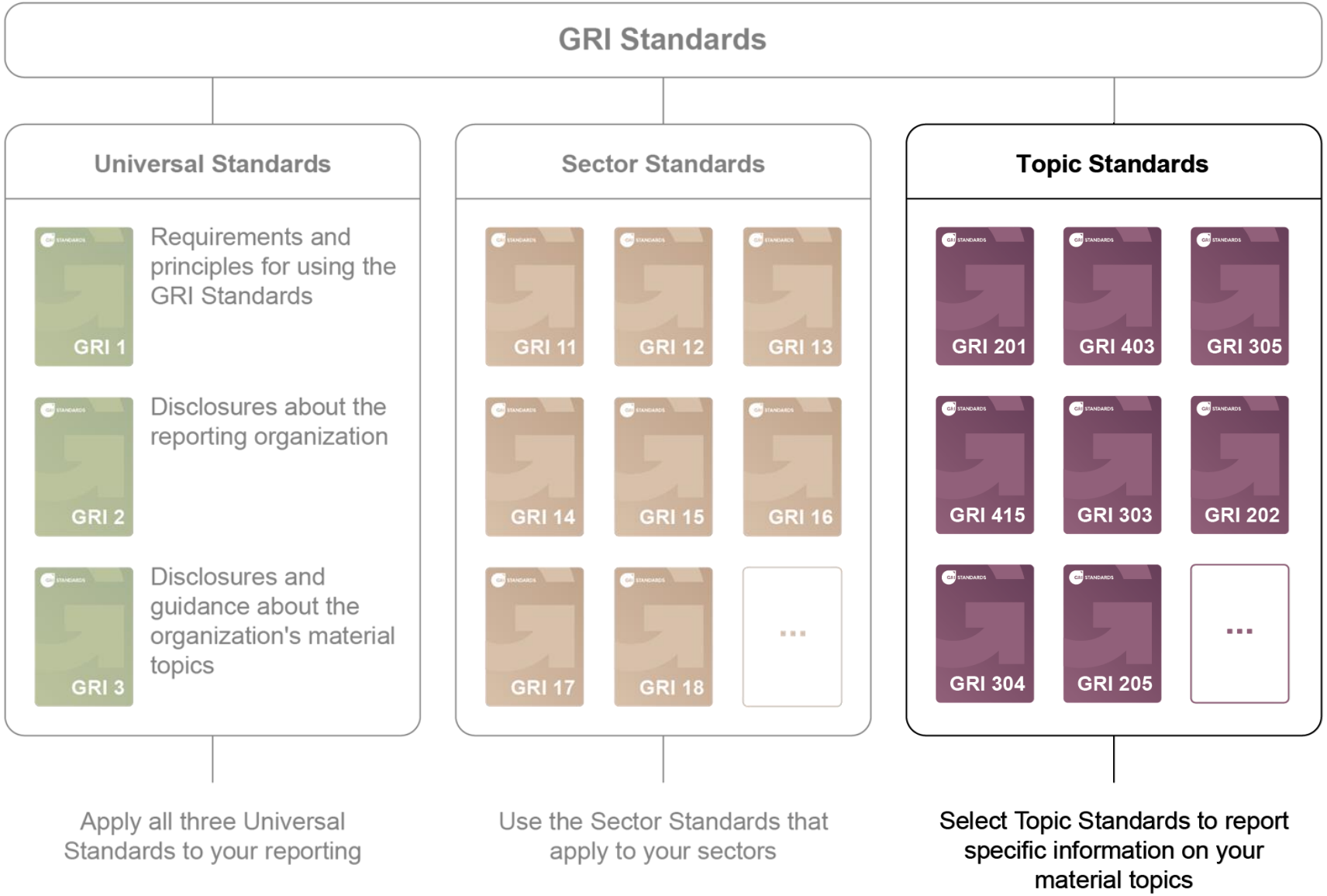
- Disclosure 3-1 Process to determine material topics
- Disclosure 3-2 List of material topics
- Disclosure 3-3 Management of material topics



Glossary

The GRI Standards

Topic Standards



GRI Topic Standards

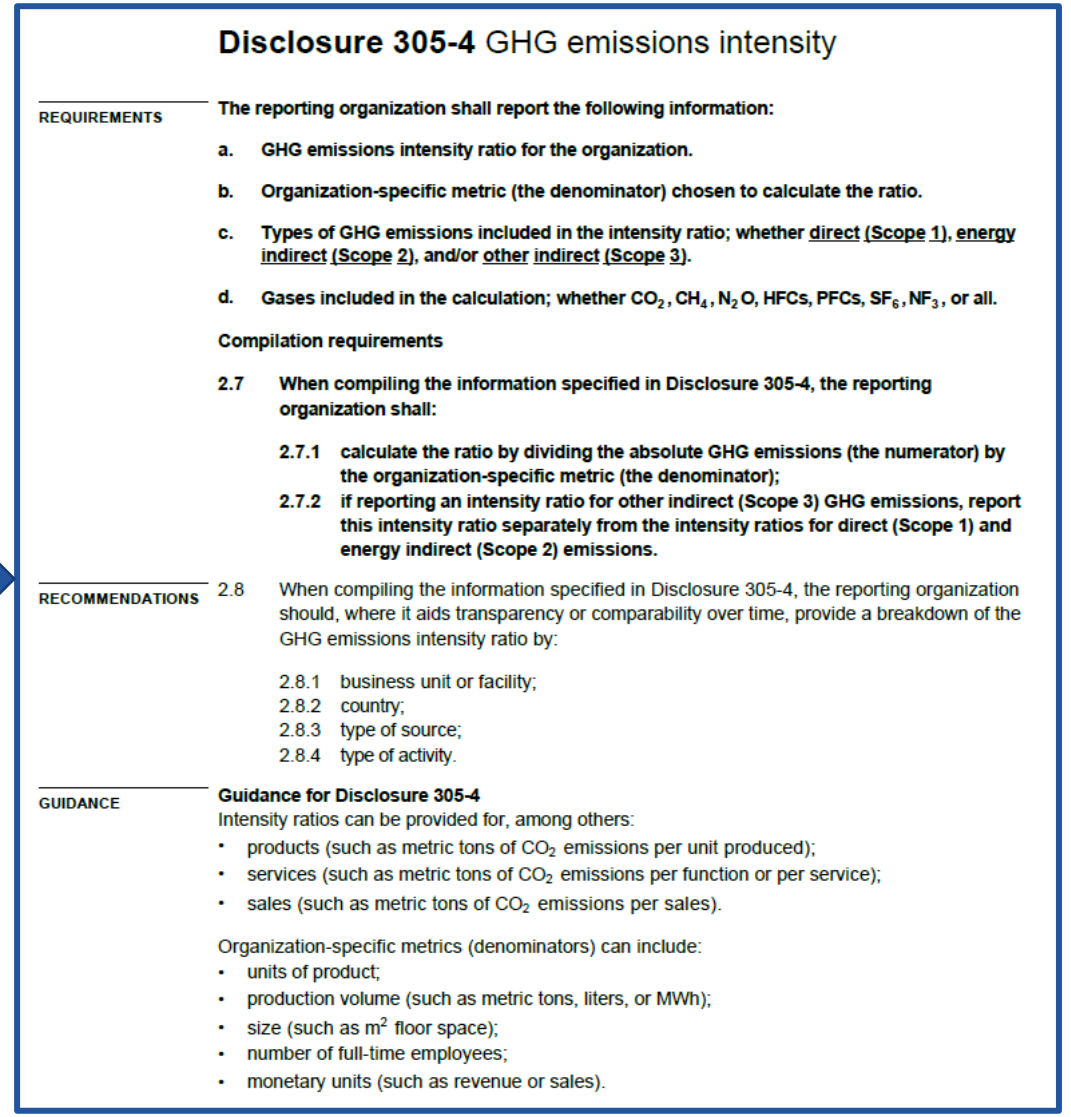
- 201 Economic Performance
- 202 Market Presence
- 203 Indirect Economic Impacts
- 204 Procurement Practices
- 205 Anti-corruption
- 206 Anti-competitive Behavior
- 207 Tax
- 301 Materials
- 302 Energy
- 303 Water and Effluents
- 304 Biodiversity
- 305 Emissions
- 306 Waste
- 308 Supplier Environmental Assessment
- 401 Employment
- 402 Labor/Management Relations
- 403 Occupational Health and Safety
- 404 Training and Education
- 405 Diversity and Equal Opportunity
- 406 Non-discrimination
- 407 Freedom of Association and Collective Bargaining
- 408 Child Labor
- 409 Forced or Compulsory Labor
- 410 Security Practices
- 411 Rights of Indigenous Peoples
- 413 Local Communities
- 414 Supplier Social Assessment
- 415 Public Policy
- 416 Customer Health and Safety
- 417 Marketing and Labeling
- 418 Customer Privacy

GRI Topic Standards

Example

GRI 305: Emissions 2016

- **Disclosure 305-1** Direct (Scope 1) GHG emissions
- **Disclosure 305-2** Energy indirect (Scope 2) GHG emissions
- **Disclosure 305-3** Other indirect (Scope 3) GHG emissions
- **Disclosure 305-4** GHG emissions intensity
- **Disclosure 305-5** Reduction of GHG emissions
- **Disclosure 305-6** Emissions of ozone-depleting substances (ODS)
- **Disclosure 305-7** Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions



Disclosure 305-4 GHG emissions intensity

REQUIREMENTS

The reporting organization shall report the following information:

a. GHG emissions intensity ratio for the organization.

b. Organization-specific metric (the denominator) chosen to calculate the ratio.

c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).

d. Gases included in the calculation; whether CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, or all.

Compilation requirements

2.7 When compiling the information specified in Disclosure 305-4, the reporting organization shall:

2.7.1 calculate the ratio by dividing the absolute GHG emissions (the numerator) by the organization-specific metric (the denominator);

2.7.2 if reporting an intensity ratio for other indirect (Scope 3) GHG emissions, report this intensity ratio separately from the intensity ratios for direct (Scope 1) and energy indirect (Scope 2) emissions.

RECOMMENDATIONS

2.8 When compiling the information specified in Disclosure 305-4, the reporting organization should, where it aids transparency or comparability over time, provide a breakdown of the GHG emissions intensity ratio by:

2.8.1 business unit or facility;
2.8.2 country;
2.8.3 type of source;
2.8.4 type of activity.

GUIDANCE

Guidance for Disclosure 305-4

Intensity ratios can be provided for, among others:

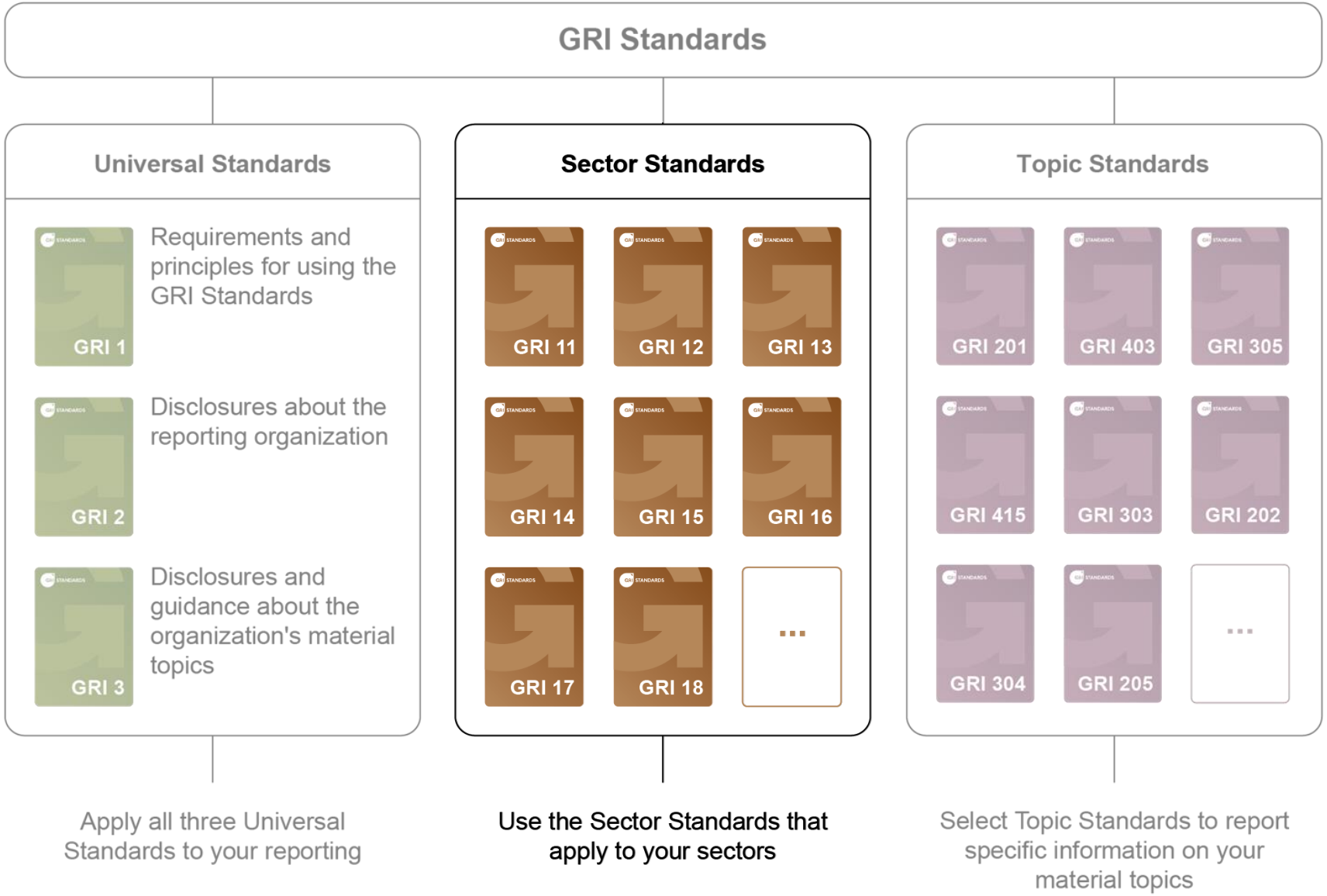
- products (such as metric tons of CO_2 emissions per unit produced);
- services (such as metric tons of CO_2 emissions per function or per service);
- sales (such as metric tons of CO_2 emissions per sales).

Organization-specific metrics (denominators) can include:

- units of product;
- production volume (such as metric tons, liters, or MWh);
- size (such as m^2 floor space);
- number of full-time employees;
- monetary units (such as revenue or sales).

The GRI Standards

Sector Standards



GRI Sector Standards

Each Sector Standard:



Describes the context for the sector



Describes topics that are likely material for an organization in the sector based on the sector's most significant impacts



Lists the disclosures identified as relevant for reporting on those topics by the sector – leveraging primarily the GRI Topic Standards

Oil and Gas Example: Likely materials topics

Topic 11.1	GHG emissions
Topic 11.2	Climate adaptation, resilience and transition
Topic 11.3	Air emissions
Topic 11.4	Biodiversity
Topic 11.5	Waste
Topic 11.6	Water and effluents
Topic 11.7	Closure and rehabilitation
Topic 11.8	Asset integrity and critical incident management
Topic 11.9	Occupational health and safety
Topic 11.10	Employment practices
Topic 11.11	Non-discrimination and equal opportunity
Topic 11.12	Forced labor and modern slavery
Topic 11.13	Freedom of association and collective bargaining
Topic 11.14	Economic impacts
Topic 11.15	Local communities
Topic 11.16	Land and resource rights
Topic 11.17	Rights of indigenous peoples
Topic 11.18	Conflict and security
Topic 11.19	Anti-competitive behavior
Topic 11.20	Anti-corruption
Topic 11.21	Payments to governments
Topic 11.22	Public policy

Oil and Gas Example: Sector-specific reporting

Reporting on GHG emissions

If the organization has determined GHG emissions to be a material topic, this sub-section lists the disclosures identified as relevant for reporting on the topic by the oil and gas sector.

STANDARD	DISCLOSURE	SECTOR STANDARD REF. NO.
Management of the topic		
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics *Additional sector recommendations* • Describe actions taken to manage flaring and venting and the effectiveness of actions taken.	11.1.1
Topic Standard disclosures		
GRI 302: Energy 2016	Disclosure 302-1 Energy consumption within the organization	11.1.2
	Disclosure 302-2 Energy consumption outside of the organization	11.1.3
	Disclosure 302-3 Energy intensity	11.1.4
GRI 305: Emissions 2016	Disclosure 305-1 Direct (Scope 1) GHG emissions *Additional sector recommendations* • Report the percentage of gross direct (Scope 1) GHG emissions from CH_4. • Report the breakdown of gross direct (Scope 1) GHG emissions by type of source (stationary combustion, process, fugitive).[2]	11.1.5
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	11.1.6
	Disclosure 305-3 Other indirect (Scope 3) GHG emissions	11.1.7
	Disclosure 305-4 GHG emissions intensity	11.1.8

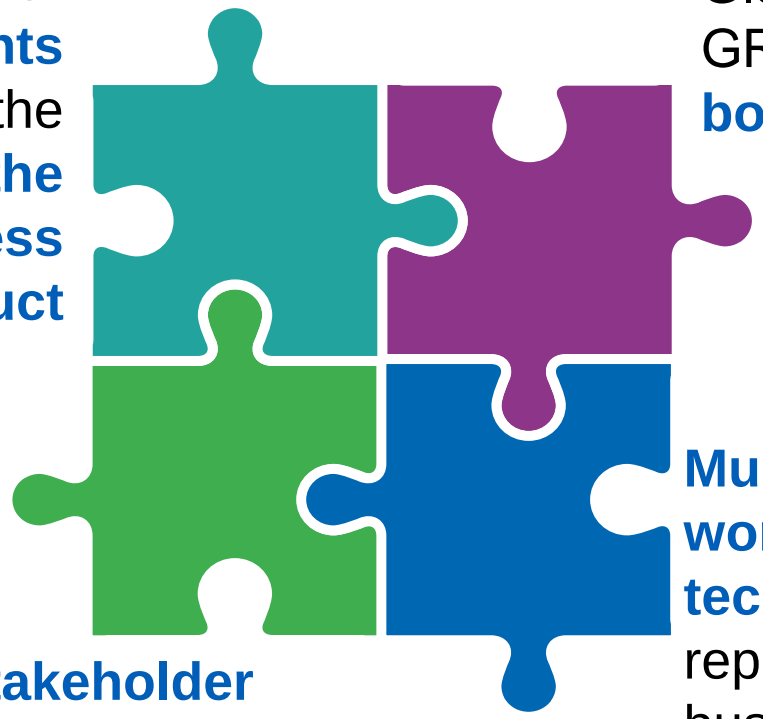


Process for developing GRI Standards

Developing the GRI Standards

Shaped by international authoritative instruments that underpin the **expectations of the responsible business conduct**

Governed by a **transparent, due process process** overseen by the Global Sustainability Standards Board, GRI's **independent Standard-setting body**



Global **stakeholder input** and **public exposure**

Multi-stakeholder expert working groups and technical committees, with representatives from business, civil society, labor, investors & mediating institutions.

Developing the GRI Standards

GRI's independent standard-setting body

Global Sustainability Standards Board

- The Global Sustainability Standards Board (GSSB) is responsible for setting globally accepted standards for sustainability reporting. The GSSB operates under a Terms of Reference to oversee the development of the GRI Standards according to a formally defined due process protocol.
- The GSSB members represent the best combination of technical expertise, diversity of experience, and multi-stakeholder perspective, and perform their work according to a formally defined due process, exclusively in the public interest.
- Final Standards may be issued by the GSSB only after the Due Process Oversight Committee (DPOC) is satisfied that due process has been followed in their development in the public interest.

Developing the GRI Standards

Example of technical committee composition: GRI 306 Biodiversity

Business enterprises

- ConocoPhilips
- LÓccitane
- DSM
- Rio Tinto

Civil society

- Bird Life International
- WWF
- IUCN
- Rainforest Alliance
- Marine Watch International

Mediating institutions

- CDP
- Deloitte
- Global Balance
- Lancaster University
- Union for Ethical Biotrade
- UNEP – World Conservation Monitoring Centre

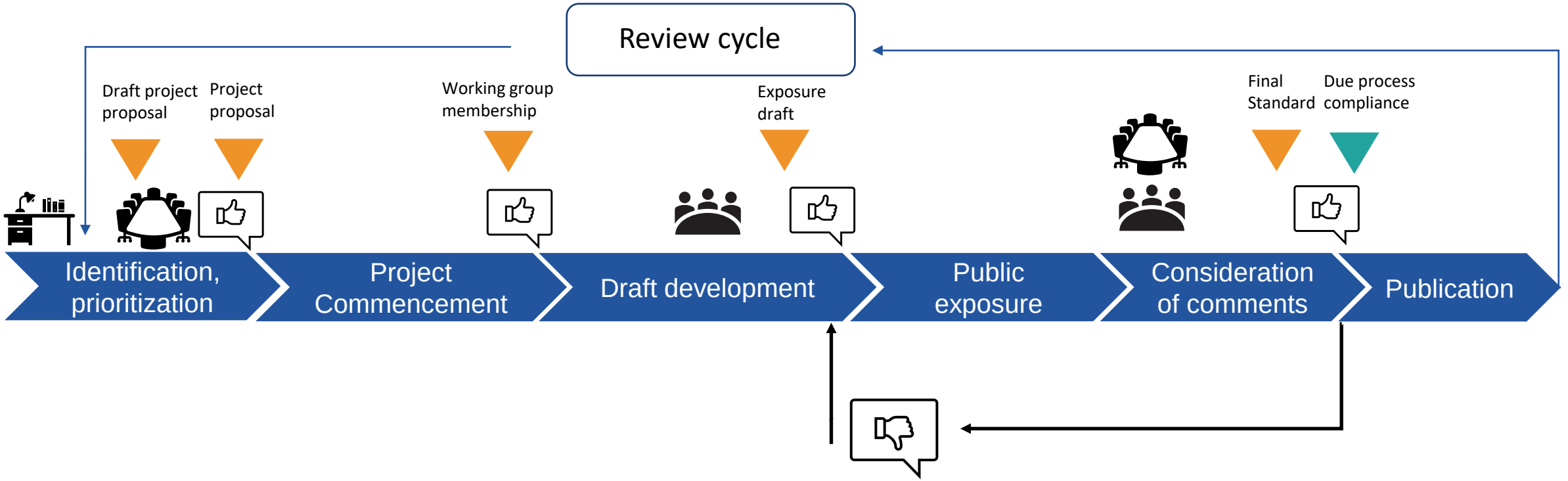
Investment institutions

- Partnership for biodiversity accountin financials (PBAF)
- World Bank

Labor

- Public Services International

Developing the GRI Standards



Public exposure period:
Comments from all constituencies
Public forum & workshops
Targeted geographic & sub-sector sessions



GSSB work program 2023-2025 – outlook

Topic Standards projects

Recenly Published	Ongoing Revisions 2022	2023-2025
Water and Effluents 2018	304 Biodiversity	203 Indirect Economic Impacts
OHS 2018	302 Energy	204 Procurement Practices
Tax 2019	305 Emissions	205 Anti-corruption
Waste 2020	XXX Climate change	206 Anti-competitive Behaviour
Universal Standards 2021	201 Economic Performance	301 Materials
	202 Market Presence	308 Supplier Environmental Assessment
	401 Employment	406 Non-discrimination
	402 Labor/Management Relations	410 Security Practices
	404 Training and Education	411 Rights of Indigeous Peoples
	405 Diversity and Equal Opportunity	413 Local Communities
	407 Freedom of Association and Collective Bargaining	415 Public Policy
	408 Child Labor	416 Customer Health and Safety
	409 Forced or Compulsory Labor	417 Marketing and Labeling
	414 Supplier Social Assessment	418 Customer Privacy

Sector Standards projects

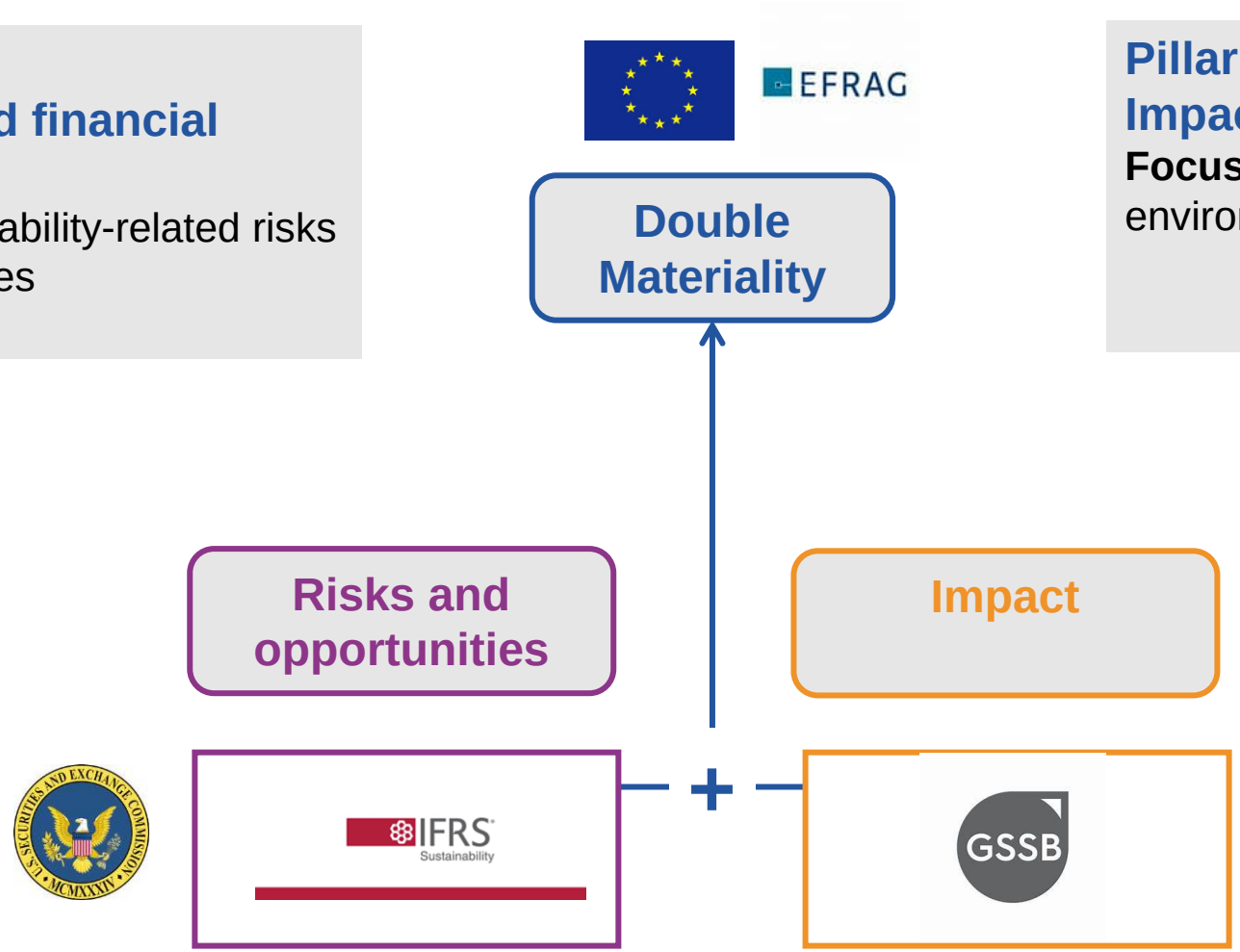
Basic materials and needs	Industrial	Transport, infrastructure and tourism	Other services and light manufacturing

Pilot projects	Group 1	Group 2	Group 3	Group 4
• Oil & gas • Coal • Agriculture, aquaculture & fishing	• Mining • Food & beverage • Textiles & apparel • Banking • Insurance • Asset management • Utilities • Renewable energy • Forestry • Metal processing	• Construction materials • Aerospace & defense • Automotive • Construction • Chemicals • Machinery & equipment • Pharmaceuticals • Electronics	• Media & communication • Software • Real estate • Transportation infrastructure • Shipping • Trucking • Airlines • Trading, distribution and logistics • Packaging	• Educational services • Household durable • Managed health care • Medical equipment & services • Retail • Security services & correctional facilities • Restaurants • Commercial services • Non-profit organizations

Complementarity, alignment and interoperability

The future of corporate reporting- two pillars

Pillar 1
Strengthened financial reporting
Focus: sustainability-related risks and opportunities



Pillar 2
Impact reporting
Focus: impacts on the economy, environment and people.

GRI

IFRS Sustainability

EFRAG

TNFD Taskforce on Nature-related Financial Disclosures

Q&A

THANK YOU



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