

GLOBAL REPORTING INITIATIVE

- AN UPDATE -

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**INTEGRATED REPORTING
COMMITTEE (IRC)
OF SOUTH AFRICA**

ANNUAL CONFERENCE

2023

#IRCSACConf2023

Who we are

Why

GRI exists to help enable business and their stakeholders including investors to make informed decisions on facts not perceptions by providing world class standards as impact reporting.

How

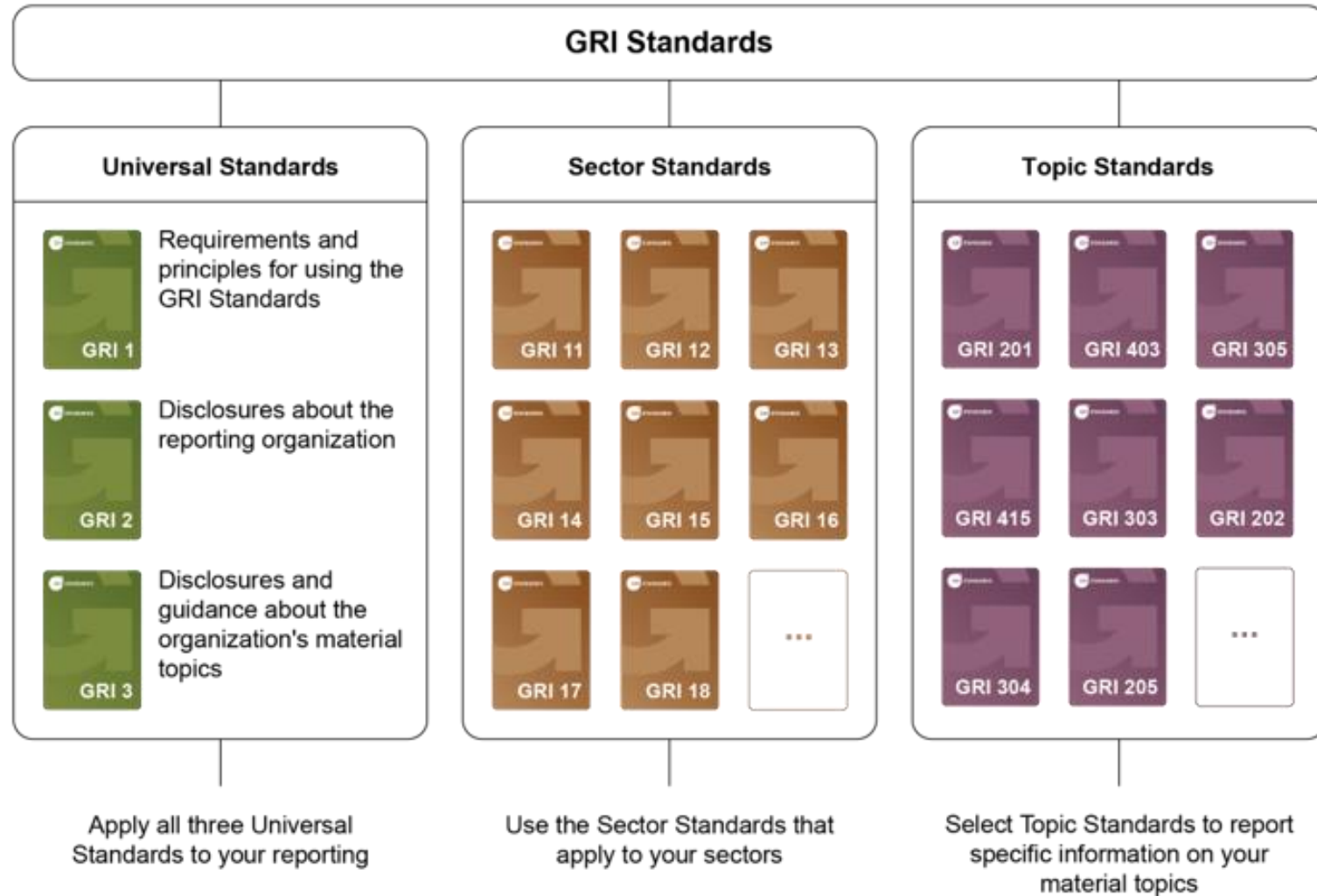
We create the global common language for organizations to report their **impacts**. This enables informed dialogue and decision making around those impacts.

What

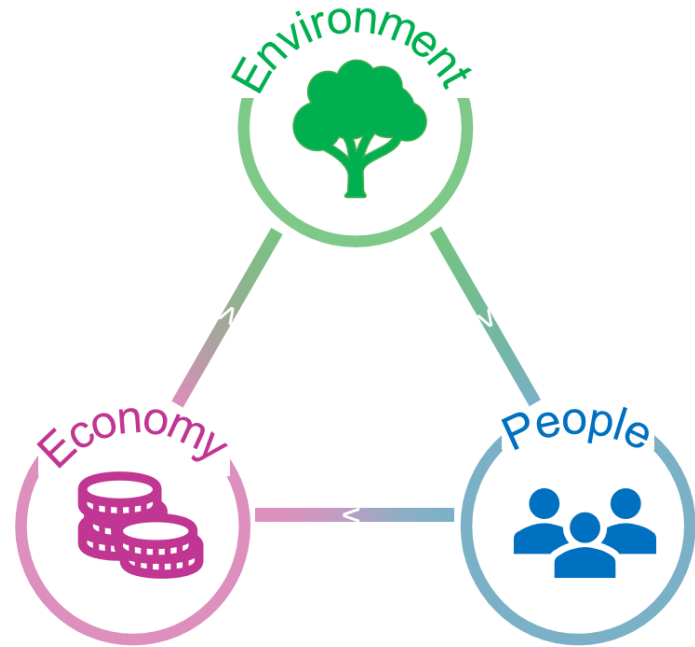
- GRI is the global standard setter for impact reporting.
- Through an independent, multi-stakeholder process
- We maintain the world's most comprehensive set of sustainability reporting standards.
- The GRI Standards are available as a free public good.

Structure of GRI Standards

Three types of Standards



- ✓ In the GRI Standards, impact refers to the effect an organization has or could have on the **economy, environment, and people**, including effects **on their human rights**, as a result of the organization's activities or business relationships.
- ✓ Material topics reflect the organization's most significant impacts.



- Actual or potential
- Positive and negative
- Short-term and long-term

The relationship between **sustainable development impacts** and **financial impacts** has been clarified in the new version of the GRI Standards (*Universal 2021*) :

- Even if not financially material at the time of reporting, **most, if not all, of the impacts** of an organization's activities and business relationships on the economy, environment, and people will eventually **become financially material** issues.
- Therefore, the impacts are also important for those interested in the organization's **financial performance in the long-term**.
- Understanding these impacts is a necessary **first step** in determining related financially material issues for the organization.

Global Trend

The guiding principle for sustainability reporting

Drive towards the creation of a comprehensive corporate reporting regime based on a **two-pillar reporting structure** and **a core set of common standards** for each pillar and **on equal footing**

- Pillar 1 – Sustainability or Impact reporting
Focus: all impacts a company is having on society and the environment and hence their contributions towards the goal of sustainable development
- Pillar 2 – Strengthened financial reporting
Focus: impact on companies disclosures addressing the financial implications of sustainability issues

- Companies need to consider materiality from two perspectives
 1. economic, environmental and social **impact of the company's activities on all stakeholders**
 2. the impact of sustainability issues on **the value of the company**
- Each perspective needs to be considered in its own right
 - **It is not about the convergence of the two perspectives that renders an issue as material**
- Financial and sustainability standards must be developed and governed in their own right and a mechanism is needed to address questions of **connectedness** between the two
- A company should **start with the assessment of the outward impact** followed by the identification of the subset of information which is financially material to the company and of interest to financially focused stakeholder groups

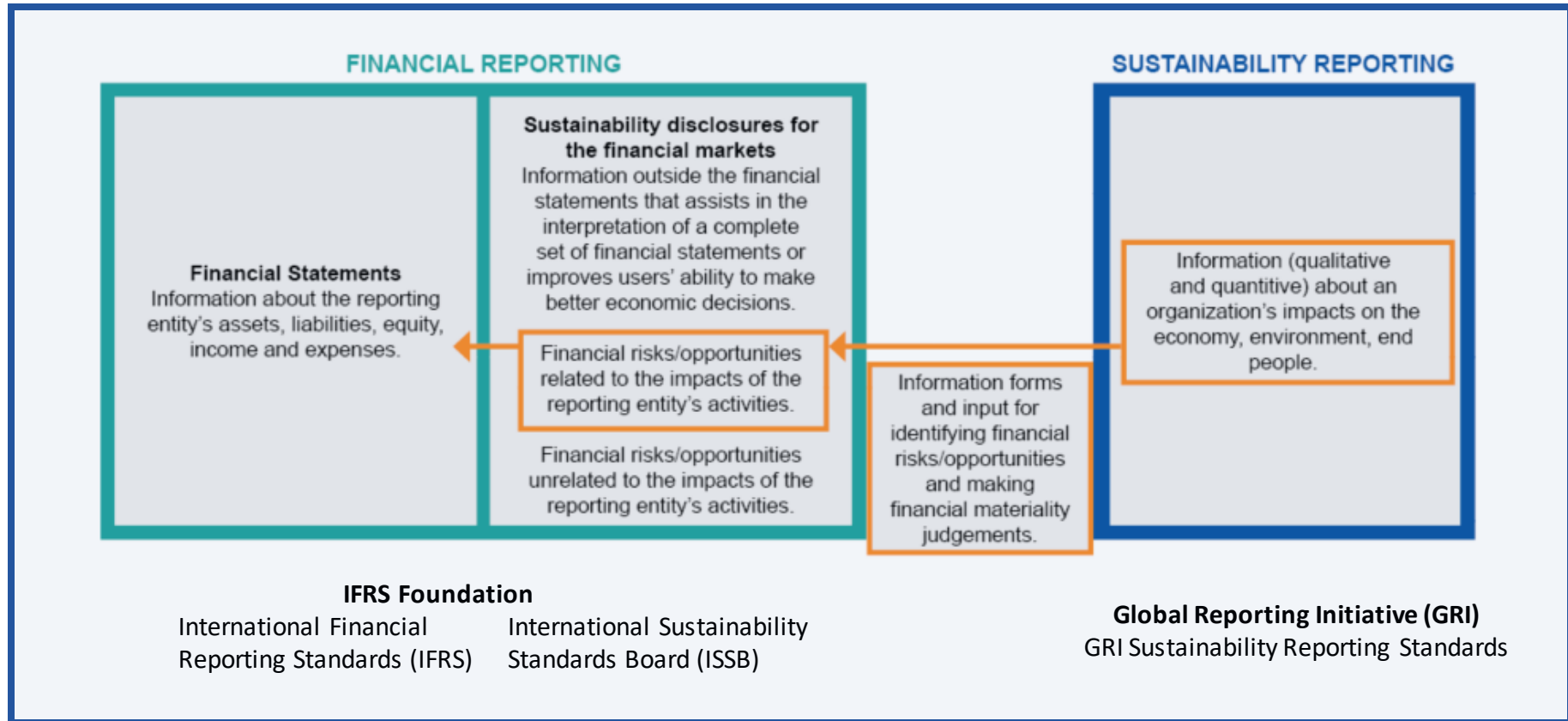
A global comprehensive reporting baseline



Individual jurisdictions



Global



Three complementary initiatives




	GRI	ESRS	ISSB										
Target audience	All users of sustainability performance information, including investors	All users of sustainability performance information, including investors	Investors and other capital market participants										
Scope	All sustainability issues	All sustainability issues	Climate Change and general disclosure first, Other ESG issue to be added later										
Materiality	Impact materiality <i>external impacts of the company and its value chain</i>	Double materiality	Financial materiality <i>sustainability-related matters that financially affect the reporting entity</i>										
Mandatory or Voluntary	Voluntary	Mandatory for companies in scope of the CSRD <i>(effective 16.12.2022)</i>	TBD, each jurisdiction will need to take a decision on whether or not to adopt and mandate the standards										
Which companies are affected	Voluntary adoption by companies and other organisations	<ul style="list-style-type: none"> * All large companies in the EU ⁽¹⁾ * All companies listed on European stock exchanges, including SMEs (except micro-companies) * non-EU undertakings that generate a net 	All companies that fall under the financial reporting regulations in the jurisdictions which adopt the ISSB standards into their law										
When are the standards applicable	GRI standards have been used for the past 25 years and continue to be used around the world by over 10'000 companies	<table border="1"> <thead> <tr> <th>Reporting year</th> <th>Which companies</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>Large and listed companies in scope of NFRD</td> </tr> <tr> <td>2025</td> <td>Large and listed companies not in the scope of NFRD</td> </tr> <tr> <td>2026</td> <td>Listed SMEs</td> </tr> <tr> <td>2028</td> <td>no-EU undertakings</td> </tr> </tbody> </table>	Reporting year	Which companies	2024	Large and listed companies in scope of NFRD	2025	Large and listed companies not in the scope of NFRD	2026	Listed SMEs	2028	no-EU undertakings	<ul style="list-style-type: none"> * Depends on the adoption in individual jurisdictions. * First two standards available per 30.6.203
Reporting year	Which companies												
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2028	no-EU undertakings												

1. (A large company is defined as meeting two out three of the following criteria: (1) EURE40 million in net turnover, (2) EURE20 million on the balance sheet, and (3) 250 or more employees.)

2. Additional requirements for non-EU companies: (i) an EU branch office with a net turnover of at least €40,000,000 in the EU; or (ii) a large or listed EU subsidiary.


Key points of convergence between the ESRS and the GRI Standards

Standards ▾ How to use the GRI Standards ▾ Reporting support ▾ Public policy & partnerships ▾ About GRI ▾ News ▾ MyGRI

Home > News > News center > Interoperability between ESRS and GRI Standards good news for reporters

Interoperability between ESRS and GRI Standards good news for reporters

Published date: 24 November 2022

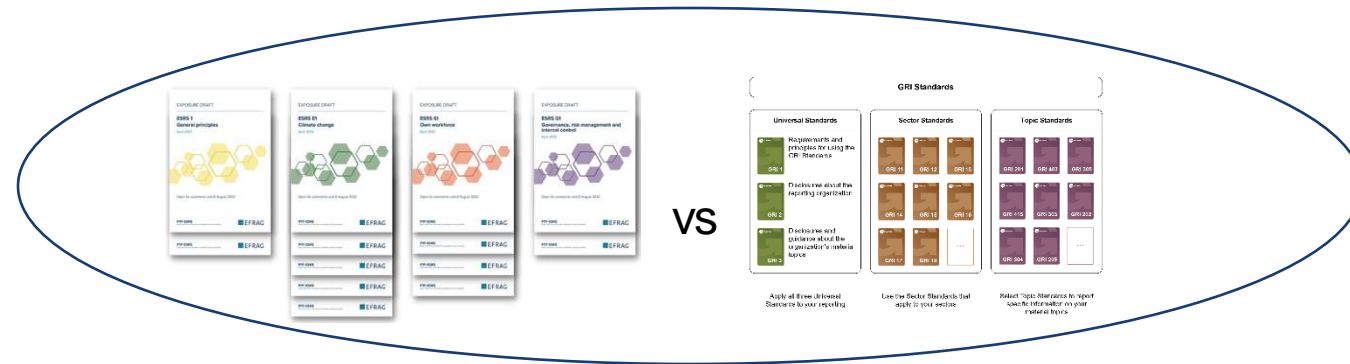


GRI reporting companies well prepared for new European Standards

GRI has hailed the European Sustainability Reporting Standards (ESRS) as an important step towards implementing the Corporate Sustainability Reporting Directive (CSRD) and holding companies operating in the EU market accountable for their impacts. The [first set of draft ESRS was submitted](#) to the European Commission by the Sustainability Reporting Board (SRB) of EFRAG (formerly known as the European Financial Reporting Advisory Group), on 22 November.

GRI has actively engaged in the development of the ESRS, from the initial phase lead by the Project Task Force through to the collaboration with EFRAG, the SRB and Technical

Key points of convergence and difference of the ESRS and the GRI Standards



- Modular structure
- Alignment on the definition of materiality
- Alignment on the list of sector
- List of topics
- Terminology & definitions

- **Double vs impact materiality:**
 - while ESRS adopt double materiality, GRI Standards have a single materiality perspective, the impact materiality. The core definition, criteria and steps for impact materiality are aligned.
- GRI Standards cover more topics (e.g. Tax)
- **Materiality assessment**
 - The ESRS deviate from the scope of materiality assessment due to the list of datapoints mandatory because of the EU legislation (in addition to the ESRS E1 Climate Change being always applicable).
- ESRS covers existing legal requirements in the EU (SFDR, EBA Pillar 3 and Benchmark Regulation)

GSSB Priorities 2023 - 2025

- Interoperability
- Review of existing GRI Standards
- Continue development of Sector Standards

- Successfully expand the Standards division

Standard setters

- EFRAG
- IFRS/ISSB

Intermediates

- IMP
- IFVI
- ESG Exchange
- B-Lab
- UNDP SDG Impact Standards

Topic Standards



To be launched end of 2023

- GRI 304 – Biodiversity

Initiated

Topic	Status
Climate Change	PCP launched during CoP 28
Labor	Started Q3 2022 (<i>until 2025</i>)
Economic Impacts	Started Q3 2023 (<i>until 2025</i>)
Pollution	Start Q4 2023
Indigenous people & local communities	Start 2024
Security practices	Start 2024
Customer impacts	Start 2025
Circularity and material resources	Start 2025
Procurement practices	Start 2025

Initiated

Topic	Status
Mining	Finalised ca. end 2023
Textiles and Apparel	Started Q4 2022
Financial Services (Banking, Insurance, capital markets)	Started Q1 2023
Food & Beverages	Start 202
Utilities	Start 2024
Renewable energy	Start 2024
Forestry	Start 2025
Metal processing	Start 2025

Under consideration

- Public Sector

What GRI does to support companies



Mapping of the GRI Standards to the ESRS included in XBRL



A tool to produce a content index in line with the GRI Standards and the ESRS (and to the ISSB)



Training for practitioners



Advisory services for companies



Practical publications “how to”

Thank you

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#integratedreporting

IRC Annual Conference 2023

GRI Topic Standards



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