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Agenda item 4. Integrating reporting on the financial and sustainability performance of entities: Leveraging digitalization

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ISAR 41 item 4:

Integrating reporting on the financial and sustainability performance of entities: Leveraging digitalization

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The Global Reporting Initiative (GRI)

GRI

GRI is a global standard setter for impact-related sustainability disclosures.

- GRI provides a global common language on impact-related disclosures, developed through a rigorous, independent, stakeholder-led process and based on authoritative intergovernmental instruments issued by the UN, UN agencies, IPCC, OECD, ILO and others.
- GRI works with governments to ensure sustainability issues are considered in global policy and collaborates with partners to connect the GRI Standards to other international frameworks.
- More than 14,000 companies use the GRI Standards for reporting, including 78% of the world's biggest 250 companies. An estimated 40% of GRI reports are also subject to a form of assurance.
- 102 countries currently have policies that reference or require the GRI Standards.
- GRI and EFRAG have worked together to co-construct ESRS set 1 and are now collaborating on sector standards
- GRI and IFRS are working together with the aim of delivering full interoperability between the GRI Standards and the ISSB Standards.

The GRI digital taxonomy

GRI is developing a digital (XBRL) taxonomy based upon its standards. This will ensure that the GRI Standards continue to serve as the common global language for impact-focused sustainability reporting.

The anticipated benefits of the digital taxonomy include:

- Providing the basis for digital reporting based on the GRI Standards
- Supporting interoperability between GRI and other sustainability standards and frameworks
- Enabling access to GRI-reported data and information
- Potential for improving automation of reporting, reducing reporting burdens over time
- Automated validation checks of reporting, supporting improved quality

Interoperability and digital reporting

GRI is committed to further aligning its activities with other major standard setters and frameworks and work to ensure interoperability between GRI and other standards.

- The close relationship between disclosures in the GRI Standards and impact-related disclosures in the ESRS means that reporting using GRI also provides a foundation for reporting using ESRS.
- This is also helpful for reporting organizations who do not fall within scope of ESRS to support harmonization across different geographic regions.
- The GRI Standards are complimentary to the ISSB Standards. Taken together, the standards can be used to provide comprehensive sustainability reporting based on double-materiality.
- Interoperability resources are already available, but digital standards provide a concrete way to compare data points from different Standards and part-automate interoperability.
- GRI will continue to improve the alignment of its standard setting with that of the ISSB and collaborate with EFRAG to support development of the ESRS SME and Sector Standards.

How can digital reporting be encouraged?

Digital reporting offers benefits to regulators and data users, but the incentives beyond compliance for individual companies to report digitally are not yet clear or understood.

- Digital reporting offers the opportunity for greater levels of automation, but cost-effective tools are needed to facilitate this.
- Market demand for sustainability data should be encouraged, but small and medium sized entities should not lose out as a result.
- Greater transparency is needed about how sustainability data is used to provide access to capital.
- Sustainability data should be used to encourage executive accountability for an organization's impacts on the environment, society and the economy, in alignment with the SDGs, but controls are needed to avoid ESG-washing.
- High quality assurance and auditing practices are, therefore, also essential to supporting accurate and reliable reporting.