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GRI Universal Standards 2021

Frequently Asked Questions (FAQs)

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New system of GRI Standards

1. How was the system of GRI Standards updated?

The updated system of GRI Standards consists of three series of Standards: Universal Standards, Sector Standards, and Topic Standards.

The revised Universal Standards are identified by a green cover with numbers 1, 2, or 3:

- *GRI 1: Foundation 2021*;
- *GRI 2: General Disclosures 2021*;
- *GRI 3: Material Topics 2021*.

The new Sector Standards now form part of the set. They are identifiable by a brown cover and a double-digit code number. The first Sector Standard, *GRI 11: Oil and Gas Sector 2021*, will be made available at the launch in October 2021.

There are now 31 Topic Standards after the withdrawal of three Standards. The reason for withdrawal was that either their content was discontinued or incorporated in the revised Universal Standards. All Topic Standards have a purple cover page and a three-digit code number. The Topic Standards are adapted to make reporting using the revised Universal Standards and the Sector Standards possible, but the disclosures in the Topic Standards have not changed. As such, the numbering and release year of the Topic Standards remains the same as before the update (e.g., *GRI 306: Waste 2020*).

Until the effective date of 1 January 2023, organizations can continue using the previous set of GRI Standards. The GRI Standards in the 2021 update are provided free of charge from the GRI website after registration. They are available as separate files, a complete set in one PDF, or packaged individually in a zip file. A separate GRI Standards Glossary is also available to download.

2. How do I use the updated system of GRI Standards?

The GRI Standards remain a modular system of interconnected standards. They allow organizations to publicly report the impacts of their activities in a structured way that is transparent to stakeholders and other interested parties. With the addition of the Sector Standards, the GRI Standards now comprise three series: the GRI Universal Standards, the GRI Sector Standards, and the GRI Topic Standards.

The Universal Standards apply to all organizations and comprise three Standards: *GRI 1: Foundation 2021*, *GRI 2: General Disclosures 2021*, and *GRI 3: Material Topics 2021*. The Universal Standards guide reporters on how to report with the Standards, and they contain requirements and reporting principles that all organizations must comply with to report in accordance with the GRI Standards.

The Sector Standards intend to increase the quality, completeness, and consistency of reporting by organizations. They provide information for organizations about their likely material topics based on their sector's most significant impacts on the economy, environment, and people, including impacts on human rights. An organization uses the Sector Standards that apply to its sectors when determining and reporting on their material topics. The Sector Standards point to the relevant disclosures in the Topic Standards for the organization to report. A Sector Standard may also list additional disclosures that are not in a Topic Standard, for example, where the disclosures from the Topic Standard do not provide sufficient information about the organization's impacts concerning the topic.

The Topic Standards contain disclosures for organizations to report information about its impacts relating to certain topics. An organization selects the Topic Standards according to the list of material topics it has determined using *GRI 3* and applicable Sector Standards.

You can find more information on the updated system of GRI Standards in [A Short Introduction to the GRI Standards](#).

3. What is the difference between the Topic Standards in the previous set and the adapted Topic Standards?

All GRI Topic Standards are adapted to ensure consistency with the revised Universal Standards. The adaptations include:

- Updating the Introduction, Glossary, and Bibliography to align with the changes made to these sections in the Universal Standards.
- Updating revised terminology. For instance, 'reporting requirements' are now called 'requirements' and 'Topic-specific disclosures' are now 'topic disclosures'.
- Removing references to concepts that no longer exist (such as 'topic Boundary').
- Updating references to the Universal Standards (titles, disclosures, and clauses).
- Applying the new GRI Standards template.

Changes to the Topic Standards focus only on those that are necessary to ensure there are no contradictions with the revised Universal Standards. The information to be reported remains the same. The Topic Standards are no longer organized into the 200 (Economic topics), 300 (Environmental topics), and 400 (Social topics) series.

4. How do I use the Sector Standards?

When an applicable Sector Standard is available, an organization reporting in accordance with the GRI Standards is required to use it.

The organization uses the Sector Standard first when determining its material topics and again when determining what information to report for the material topics.

The organization needs to use the Sector Standard when determining its material topics, however Sector Standards are not intended to be a substitute for an organization's own process of determining material topics. The organization is still required to determine material topics according to its own specific circumstances. *GRI 3: Material Topics 2021* provides step-by-step guidance on how to determine material topics.

Once the organization has determined a topic included in the Sector Standard is material for them, the Standard also helps the organization identify disclosures to report information about that topic.

Sector Standards point to the disclosures from the Topic Standards for the organization to report. A Sector Standard may also list additional disclosures that are not in a Topic Standard, for example, where the disclosures from the Topic Standard do not provide sufficient information about the organization's impacts. Where the disclosures listed in the Sector Standard do not provide sufficient information about the organization's impacts, additional disclosures to report on a topic may also be used and listed.

If the organization has determined any of the topics included in the Sector Standard as not material, the organization is required to list them in the GRI content index and explain why they are not material.

See the [Sector Standards FAQ section](#) to learn more about the GRI Sector Standards.

GRI Universal Standards 2021

5. Why were the Universal Standards revised?

The revision of the Universal Standards was initiated following the recommendations from the GRI Technical Committee on Human Rights Disclosure. The project also drew on feedback received from the Global Sustainability Standards Board (GSSB) during the transition from the G4 Guidelines to the GRI Standards, feedback received from reporting organizations and other stakeholders, and information gathered from the review of sustainability reports using the GRI Standards. Overall, this revision aimed to:

- embed mandatory human rights-related disclosures for all reporting organizations;
- integrate reporting on due diligence into the GRI Standards;
- provide greater clarity on key concepts, reporting principles and disclosures in the GRI Standards, and ensure they align with recent developments around responsible business conduct;
- drive consistent application;
- encourage more relevant and comprehensive reporting; and
- improve the overall usability of the GRI Standards.

6. What was the process to revise the Universal Standards?

The review of the Universal Standards was informed by the recommendations of the GRI Technical Committee on Human Rights Disclosure, a stakeholder group on labor-related disclosures, and public consultation.

Revisions to the Universal Standards were developed according to a formally defined Due Process Protocol that provides a set of mandatory requirements for developing a standard. This process is overseen by the Due Process Oversight Committee and ensures that updates are developed following a transparent and multi-stakeholder process.

The final GRI Universal Standards were approved in July 2021 by the GSSB Due Process Oversight Committee.

7. What has changed in the revised Universal Standards?

Key revisions to the Universal Standards include:

- The Universal Standards now reflect expectations for responsible business conduct in authoritative intergovernmental instruments such as the *United Nations (UN) Guiding Principles on Business and Human Rights*, the *Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises*, the *OECD Due Diligence Guidance for Responsible Business Conduct*, the International Labour Standards, and the *International Corporate Governance Network (ICGN) Global Governance Principles*.
- A revised approach to reporting in accordance with the GRI Standards, there is now only one way, replacing the previous Core and Comprehensive options. An organization can still report with reference to the GRI Standards.

- Key concepts that are introduced to lay out the foundation of sustainability reporting. They comprise impact, material topics, due diligence, and stakeholder.
- Revised reporting principles that focused on the quality and presentation of information.
- New disclosures on policy commitments for responsible business conduct, including respect for human rights and due diligence, and how these commitments are embedded in the organization have been introduced.
- Revised disclosures for organizations to provide information about their reporting practices; activities and workers; governance; strategy, policies, and practices; and stakeholder engagement.
- A revised approach to materiality, with new guidance to determine material topics that incorporate the concept of due diligence and revised disclosures for reporting the process by which an organization has determined its material topics, its list of material topics, and how it manages each material topic.
- The structure and language of the updated Universal Standards set out requirements more clearly and group the contents more coherently.
- The updated system of the GRI Standards now including the GRI Sector Standards.
- New templates for the GRI Standards to improve the clarity of information and usability. Information in the GRI Standards is now structured and presented differently; the naming convention for all Standards has been updated.

8. When will the Universal Standards 2021 come into effect?

The Universal Standards 2021 will be effective for information published on or after 1 January 2023. This means that their use will be required from that date onwards, although earlier adoption is encouraged.

9. Are the GRI Universal Standards available in other languages?

The authoritative text of the GRI Standards is English, but we will start releasing authorized translations of the Universal Standards in key languages at the end of 2021. Please consult the [GRI Translations page](#) or contact translations@globalreporting.org for more information on the upcoming translation schedule.

Human rights

10. What revisions have been made to the Universal Standards regarding human rights?

The Universal Standards have been revised to align with the *UN Guiding Principles on Business and Human Rights*, the *Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises*, and the *OECD Due Diligence Guidance for Responsible Business Conduct*.

Key concepts in the GRI Standards are revised to be in line with these instruments. These include the concepts of 'material topics' and 'stakeholder'.

GRI 2: General Disclosures 2021 and *GRI 3: Material Topics 2021* are also revised to align with these instruments and enable organizations to report on their due diligence for human rights impacts and

other impacts on the economy, environment, and people. As a result, the revised Universal Standards introduce minimum reporting requirements for all organizations using the GRI Standards, including, but not limited to, information on:

- the organization’s policy commitments for responsible business conduct, including the policy commitment to respect human rights, and how the commitments are embedded throughout the organization’s activities and business relationships;
- the grievance mechanisms and other remediation processes in place;
- the engagement with (affected and potentially affected) stakeholders;
- the due diligence processes for identifying actual and potential negative impacts on the economy, environment, and people, including impacts on their human rights, across the organization’s activities and business relationships;
- the prioritization of impacts based on their significance, or severity in the case of negative human rights impacts, to determine material topics for reporting;
- the management of material topics, including information on specific policies, goals and targets, actions to prevent, mitigate, and remediate negative impacts, and the effectiveness of actions taken.

These revisions have been developed by a multi-stakeholder Technical Committee of experts, which included the participation of the United Nations Office of the High Commissioner for Human Rights (OHCHR) and the OECD.

11. Are the revised Universal Standards aligned with Shift and Mazars’ UN Guiding Principles Reporting Framework and the Corporate Human Rights Benchmark?

These reporting frameworks align by virtue of all three being developed in line with the expectations in the *UN Guiding Principles*.

Both Shift and a representative from the Corporate Human Rights Benchmark participated in the GRI Technical Committee on Human Rights Disclosure, which contributed to developing the revised Universal Standards.

12. Why has the definition of material topics been changed to include human rights?

Human rights are the most fundamental level of protection provided to people in authoritative intergovernmental instruments.

The most acute impacts an organization can have on people are those that negatively affect their human rights. Impacts on human rights are a cross-cutting issue that has always occurred and will continue to occur in the future, thus making them one of the most vital types of impacts for the GRI Standards to address.

The *UN Guiding Principles on Business and Human Rights* establish that all businesses, everywhere, have a responsibility to respect human rights. At the same time, human rights impacts are often underreported by organizations. By highlighting human rights impacts in the definition of material topics ensures that they are not overlooked, and it better supports organizations to report on how they meet their responsibility to respect human rights.

13. Does the inclusion of human rights disclosures imply that ‘human rights’ is always a material topic for all organizations?

‘Human rights’ is not considered a topic. ‘Human rights’ is a subject area, like the environment, and it covers more than 30 specific subjects, as established by authoritative intergovernmental instruments. Examples of human rights-related topics are: non-discrimination, the right to freedom of association and collective bargaining, forced labor, or the right to privacy. *GRI 2: General Disclosures 2021* require all organizations to report basic information on how they meet their responsibility to respect human rights. However, organizations will still need to determine which specific human rights topics are material for them, as in the existing GRI Standards.

14. Is the concept of ‘salient human rights issues’ included in the revised Universal Standards?

The concept of ‘salient human rights’ is used in the *UN Guiding Principles Reporting Framework* from Shift and Mazars to refer to those human rights that stand out because they are at risk of the most severe negative impact through the company’s activities or business relationships.

The *UN Guiding Principles* themselves do not include the term ‘salient human rights’ – therefore, the revised Universal Standards do not include the term ‘salient’.

The *UN Guiding Principles* introduce a prioritization approach for negative human rights impacts based on severity. This approach is included in the revised Universal Standards. So, the revised Universal Standards are aligned with the *UN Guiding Principles*.

The ‘salient human rights’ reported with the *UN Guiding Principles Reporting Framework* represent a company’s most severe negative human rights impacts and should therefore be material to report with the revised Universal Standards.

15. Will GRI update the human rights Topic Standards?

With the release of the GRI Universal Standards 2021, the Topic Standard *GRI 412: Human Rights Assessment 2016* will be withdrawn since its contents have been incorporated into the revised Universal Standards.

The GSSB will also look at revising the human rights Topic Standards (e.g., *GRI 408: Child Labor 2016*, *GRI 409: Forced or Compulsory Labor 2016*) to ensure they reflect best practice and build upon the contents in the revised Universal Standards. The GSSB may also develop new human rights Topic Standards or disclosures as needed. A scoping survey was conducted in March 2021 to help identify the priority human rights issues for revising the Topic Standards.

While the specific timeline for these revisions is still to be determined by the GSSB, further updates can be found on the [GSSB website](#).

16. Are the human rights disclosures aligned with relevant legislation (e.g., UK Modern Slavery Act, France’s Corporate Duty of Vigilance Law)?

As we create global Standards, our primary references are authoritative intergovernmental instruments, particularly the *UN Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, the *OECD Due Diligence Guidance for Responsible Business Conduct*, and core ILO instruments. The *UN Guiding Principles* establish that business

enterprises are responsible for respecting human rights, which exists over and above compliance with national laws and regulations protecting human rights.

The GRI Standards can be used to report against human rights-specific legislation developed in line with the *UN Guiding Principles on Business and Human Rights*.

GRI 1: Foundation 2021

Stakeholder

17. Has the definition of ‘stakeholder’ changed?

Yes, in the revised Universal Standards, a ‘stakeholder’ is defined as an individual or group that has an interest that is affected or could be affected by the organization’s activities.

The definition of ‘stakeholder’ aligns with the *OECD Due Diligence Guidance for Responsible Business Conduct*.

The revised definition does not include the second part of the previous definition (‘entity or individual whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives’). This change was made to be consistent with the GRI Standards’ focus on an organization’s most significant impacts on the economy, environment, and people, including impacts on their human rights.

Sustainability context

18. Has the Sustainability context principle been removed?

No, the Sustainability context principle remains in the GRI Standards and has been revised for clarity. Please see section 4 of *GRI 1: Foundation 2021*.

In addition to *GRI 1*, guidance on sustainability context is covered across the Universal Standards, Sector Standards, and Topic Standards:

- *GRI 3: Material Topics 2021* includes guidance on assessing the organization’s context when determining its material topics and on reporting goals and targets.
- Each Sector Standard will have a section explaining the sustainability context for the sector.
- Some of the Topic Standards have disclosures that help to report information in context, such as the disclosures about water stress in *GRI 303: Water and Effluents 2018*.

Reporting in accordance with the GRI Standards

19. How do I report in accordance with the GRI Standards?

There is now only one way to report in accordance with the GRI Standards. The Core and Comprehensive options for reporting in accordance with the GRI Standards, as used in the Universal Standards 2016, no longer exist in *GRI 1: Foundation 2021*.

Reporting in accordance with the GRI Standards enables an organization to provide a comprehensive picture of its most significant impacts on the economy, environment, and people, including impacts on

their human rights and how it manages these impacts. This allows information users to make informed assessments and decisions about the organization's impacts and contribution to sustainable development.

To report in accordance with the GRI Standards, an organization must comply with all nine requirements set out in section 3 of *GRI 1*:

- 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

20. Can I still report with reference to the GRI Standards?

Yes, if an organization cannot comply with all the requirements for reporting in accordance with the GRI Standards, it cannot claim to have prepared the reported information in accordance with the GRI Standards. Instead, it can claim that it has prepared the reported information with reference to the GRI Standards, provided that it complies with the requirements specified in 'Reporting with reference to the GRI Standards' at the end of section 3 in *GRI 1*. In this case, the organization must comply with these specific requirements:

- Publish a GRI content index
- Provide a statement of use
- Notify GRI

An organization can also report with reference to the GRI Standards if it uses selected GRI Standards, or parts of their content, to report information about specific topics for specific purposes, for example, to comply with a reporting regulation on climate change. In this case, the organization must also comply with all three requirements for reporting with reference to the GRI Standards.

21. Is there a minimum number of disclosures to report from the GRI Topic Standards to comply with the new in accordance requirements?

There is no requirement to report a minimum number of disclosures from the GRI Topic Standards to report in accordance with the GRI Standards. The number of disclosures that the organization reports is based on its assessment of which disclosures are relevant to its impacts in relation to a material topic.

For each material topic, the organization needs to identify disclosures from the Topic Standards to report. When the material topic is covered in the applicable GRI Sector Standards, the organization is required to use the Sector Standards to identify disclosures to report. The organization is required to report only those disclosures relevant to its impacts in relation to a material topic. The organization is

not required to report disclosures that are not relevant. If the disclosures from the Topic Standards do not provide sufficient information about its impacts, then the organization should report additional disclosures, such as the additional sector disclosures recommended in the GRI Sector Standards, disclosures from other sources, or disclosures developed by the organization.

See Requirement 5 in *GRI 1: Foundation 2021*.

22. Is it required to explain why a disclosure from the GRI Topic Standards is not relevant?

An organization does not need to report the disclosures from the GRI Topic Standards that are not relevant to its impacts in relation to a material topic. Therefore, there is no requirement for including these disclosures in the GRI content index, and an organization does not need to provide a reason for omission for not reporting those disclosures or an explanation for why they are not relevant.

23. Can I still use reasons for omissions if I cannot comply with a disclosure or with a requirement in a disclosure?

Yes, an organization can use reasons for omission if it cannot comply with a disclosure or with a requirement in a disclosure for which reasons for omission are permitted.

Reasons for omission are permitted for all disclosures from the GRI Standards except for five disclosures from *GRI 2: General Disclosures 2021* and two disclosures from *GRI 3: Material Topics 2021*. An organization cannot use reasons for omission for these seven disclosures, which means it must disclose the information required in these disclosures to report in accordance with the GRI Standards:

- Disclosure 2-1 Organizational details
- Disclosure 2-2 Entities included in the organization's sustainability reporting
- Disclosure 2-3 Reporting period, frequency, and contact point
- Disclosure 2-4 Restatements of information
- Disclosure 2-5 External assurance
- Disclosure 3-1 Process to determine material topics
- Disclosure 3-2 List of material topics

There are four reasons for omission an organization is permitted to use:

- Not applicable
- Legal prohibitions
- Confidentiality constraints
- Information unavailable/incomplete

An organization still reports in accordance with the GRI Standards as long as it complies with the requirements for the reasons for omission specified in Requirement 6 in *GRI 1: Foundation 2021*.

See Requirement 6 in section 3 of *GRI 1* for more information on applying the reasons for omission.

24. Is it required to use the GRI Sector Standards to comply with the new in accordance requirements?

Yes, to report in accordance with the GRI Standards, an organization is required to use the applicable GRI Sector Standards when determining its material topics and when determining what information to report for the material topics. An organization must comply with this requirement only if Sector Standards that apply to its sectors are available.

See Requirement 3-b and corresponding guidance in *GRI 1: Foundation 2021*.

25. Is it possible to only use the GRI Sector Standards, without applying the GRI Topic Standards, to report in accordance with the GRI Standards?

The GRI Sector Standards are not designed to be standalone Standards but intended to be used with the GRI Universal Standards and the GRI Topic Standards. A Sector Standard identifies likely material topics for organizations in a given sector, and for each likely material topic, lists disclosures to report.

26. Is external assurance a requirement to report in accordance with the GRI Standards?

The approach to external assurance has not changed in the revised Universal Standards; rather, it is now more prominently featured. Therefore, it is recommended, as in the Universal Standards 2016, for an organization to seek external assurance for its sustainability reporting, in addition to the use of internal controls.

The use of external assurance for sustainability reporting is still not required to prepare information in accordance with, or with reference to, the GRI Standards.

See section 5.2 of *GRI 1: Foundation 2021*. This section describes various ways an organization can use to enhance the credibility of its sustainability reporting. The section does not introduce new content but incorporates the previous guidance from Disclosure 102-56 in *GRI 102: General Disclosures 2016* on the use of external assurance, internal controls, and stakeholder or expert panels.

GRI content index

27. Can I change the format for the GRI content index provided in the Appendices of GRI 1: Foundation 2021?

Yes, the GRI content index in Appendix 1 and Appendix 2 of *GRI 1* provides an example of how to prepare the GRI content index when reporting in accordance with or with reference to the GRI Standards. The organization can use these appendices to prepare its content index. However, the organization can use a different format for the content index, as long as it complies with the requirements for the content index specified in section 3 of *GRI 1*. For instance, if there is no applicable GRI Sector Standard that the organization can use, the column 'GRI Sector Standard Ref. No.' can be removed.

GRI 2: General Disclosures 2021

28. Is it required to have policies on responsible business conduct to comply with the new in accordance requirements?

No, an organization is not required to have policies on responsible business conduct. Disclosure 2-23 in *GRI 2: General Disclosures 2021* requires an organization to describe its policy commitments for responsible business conduct. This disclosure does not require an organization to have policies on responsible business conduct; it requires an organization to report on them. If such policies do not exist, an organization can comply with this disclosure by reporting that it does not have policies on responsible business conduct.

If an organization cannot report the required information about an item specified in a disclosure because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the requirement by reporting this to be the case. An organization can explain the reasons for not having this item or describe any plans to develop it. The disclosures in the GRI Standards do not require an organization to implement the item (e.g., developing a policy), but to report that the item does not exist. See the Introductions in *GRI 2: General Disclosures 2021* and *GRI 3: Material Topics 2021*.

29. Does Disclosure 2-27 replace the GRI 307 and GRI 419 Standards?

Yes, the content of *GRI 307: Environmental Compliance 2016* and *GRI 419: Socioeconomic Compliance 2016* has been moved and expanded under Disclosure 2-27 Compliance with laws and regulations in *GRI 2: General Disclosures 2021*. With the release of the Universal Standards 2021, *GRI 307* and *GRI 419* will be withdrawn.

GRI 3: Material Topics 2021

Materiality

30. How has the definition of ‘material topics’ changed?

In the GRI Universal Standards 2016, material topics are topics that reflect at least one of the following dimensions:

- the organization’s significant economic, environmental, and social impacts
- their substantive influence on the assessments and decisions of stakeholders

Feedback indicated that this approach and the use of the materiality matrix, provided in the guidance to the Materiality principle in *GRI 101: Foundation 2016*, often led to biases and incorrect interpretations of these dimensions.

Separating impact assessment from identifying stakeholder views left materiality assessments particularly vulnerable to biases based on stakeholder selection, given that this approach led organizations to prioritize impacts only if the consulted stakeholders highlighted them.

Impacts would often be assessed based on their significance to the organization and influence on stakeholders. As a result, organizations would consider the impacts on themselves instead of how they impact the economy, the environment, and society.

The GRI Universal Standards 2021 addresses those issues and focuses on organizations' impacts on the economy, environment, and people. In the revised Standards, 'material topics' are defined as topics that represent an organization's most significant impacts on the economy, environment, and people, including impacts on their human rights.

The 'influence on the assessments and decisions of stakeholders' is no longer a standalone factor that determines whether a topic is material.

While the definition of 'material topic' has been revised to focus on impact, engagement with relevant stakeholders forms part of identifying and assessing an organization's impacts and informs the process for determining material topics.

31. Do organizations need to redo their materiality assessment?

The concept of 'material topics' in the revised Universal Standards still uses the criterion of significance of the impacts as outlined in *GRI 101: Foundation 2016*. Therefore, an organization that has determined its material topics based on the significance of its economic, environmental, and social impacts, as required by *GRI 101*, is well prepared to comply with the requirements in *GRI 1: Foundation 2021*.

If a Sector Standard is available that applies to the organization, the organization is required to review each topic described in the applicable Sector Standards and determine whether it is a material topic for the organization. If the organization has determined any of the topics included in the applicable Sector Standards as not material, the organization is required to list them in the GRI content index and explain why they are not material.

32. Do the revised GRI Universal Standards incorporate the double materiality approach?

The GRI Standards enable organizations to report information about the most significant impacts of their activities and business relationships on the economy, environment, and people, including impacts on people's human rights. Such impacts are of primary importance to sustainable development and to organizations' stakeholders, and they are the focus of sustainability reporting.

The impacts of an organization's activities and business relationships on the economy, environment, and people can have negative and positive consequences for the organization itself. These consequences can be operational or reputational, and therefore in many cases, financial. For example, an organization's high use of non-renewable energy contributes to climate change and could, at the same time, result in increased operating costs for the organization due to legislation that seeks to shift energy use toward renewable sources.

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. The impacts are also important for those interested in the organization's financial performance and long-term success. Therefore, understanding these impacts is a necessary first step in determining related financially material issues for the organization.

Sustainability reporting is therefore crucial for financial and value creation reporting. Information made available through sustainability reporting provides input for identifying financial risks and opportunities related to the organization's impacts and for financial valuation. This, in turn, helps to make financial materiality judgments about what to recognize in financial statements.

While the impacts of the organization's activities and business relationships on the economy, environment, and people may become financially material, sustainability reporting is also highly relevant in its own right as a public interest activity. Sustainability reporting is independent of the consideration of financial implications. Therefore, it is important for the organization to report on all the material topics it has determined using the GRI Standards. These material topics cannot be deprioritized on the basis of not being considered financially material by the organization.

33. How can an organization identify its impacts?

As explained under Step 2 of the process for determining material topics in *GRI 3: Material Topics 2021*, to identify its impacts, the organization can use information from:

- its own or third-party assessments of impacts on the economy, environment, and people, including impacts on their human rights;
- legal reviews, anti-corruption compliance management systems, financial audits, occupational health and safety inspections, and shareholder filings;
- any other relevant assessments of business relationships carried out by the organization or by industry or multi-stakeholder initiatives;
- grievance mechanisms that the organization has established itself or that have been established by other organizations;
- broader enterprise risk management systems, provided that these systems identify the organization's impacts on the economy, the environment, and people, in addition to identifying risks for the organization itself; and
- external sources, such as news organizations and civil society organizations.

In addition, the organization should seek to understand the concerns of its stakeholders and consult internal and external experts, such as civil society organizations or academics.

The GRI Standards are not an impact identification and assessment tool. The GRI Standards do not recommend a specific impact identification and assessment standard, tool, or methodology. It is up to the organization to identify which one to use.

34. How often does an organization need to conduct a materiality assessment?

Impacts may change over time as the organization's activities, business relationships, and context evolve. New activities, new business relationships, and major changes in operations or the operating context (e.g., new market entry, product launch, policy change, wider changes to the organization) could lead to changes in the organization's impacts. For this reason, the organization should assess its context and identify its impacts on an ongoing basis.

In each reporting period, the organization should review its material topics from the previous reporting period to account for changes in the impacts. Changes in impacts can result from changes in the organization's activities and business relationships. This review helps ensure the material topics represent the organization's most significant impacts in each new reporting period.

35. Is there a new materiality matrix for use with the revised Universal Standards?

The materiality matrix in *GRI 101: Foundation 2016* is not included in *GRI 1: Foundation 2021*. The revisions to the concept of 'material topic' eliminate the need for a matrix as the concept no longer encompasses two independent criteria.

When using the revised Universal Standards, an organization can provide a visual representation of the prioritization of material topics that shows the initial list of topics the organization has identified and the threshold set for reporting.

Topic Boundary

36. Has the concept of topic Boundary changed?

The term 'topic Boundary' has been revised to address challenges in understanding and applying this concept.

GRI 3: Material Topics 2021 now clarifies that an organization should consider actual and potential negative impacts that it causes or contributes to through its activities, as well as those directly linked to its operations, products, or services by its business relationships. The concepts of 'cause', 'contribute to', and 'directly linked to' have been further explained. They are used only in the context of negative impacts (not positive impacts), in line with the expectations set out in key instruments such as the *UN Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, and the *OECD Due Diligence Guidance for Responsible Business Conduct*.

The requirement to report the topic Boundary for each material topic – now within Disclosure 3-3 in *GRI 3* – has also been revised. It requires an organization to report, for each material topic, whether it is involved with the negative impacts through its activities or as a result of its business relationships, and to describe the activities or business relationships (see 3-3-b in *GRI 3* and corresponding guidance).

This will enable organizations to explain whether a material topic is considered a group-wide issue or a focalized issue (e.g., in certain countries, sites, business relationships).

Management approach

37. Have the management approach disclosures changed?

Disclosures 103-1, 103-2, and 103-3 from *GRI 103: Management Approach 2016* have been combined into one disclosure and revised to bring the requirements in line with the expectation of due diligence contained in key instruments. See Disclosure 3-3 in *GRI 3: Material Topics 2021*.

Sector Standards

38. How do I determine which Sector Standard(s) apply to my organization?

Each Sector Standard includes a section titled 'Sector this Standard applies to' (usually found on page 5). In this section, you can find a description of the sector defined for the Standard. To further support identifying if the Standard applies to your organization, a table that lists relevant industry groupings from a number of sector classification systems is also included.

It is important to note that the organization must use all applicable Sector Standards for the sectors in which it has substantial activities. This means that more than one Sector Standard may be applicable.

39. When will the applicable Sector Standard for my organization be available?

The GRI Sector Program will develop standards for 40 sectors. The full list of these can be found [here](#).

The primary criterion for prioritizing sectors is their sustainability impacts. This takes into account the significance of the sector's impacts, the size of the sector, the sector's distribution around the world, and the number of organizations from that sector that are in a position to use the GRI Standards. Other criteria for prioritizing a sector include utilizing learnings and synergies from other recently developed Sector Standards.

Following on from oil and gas, for which a Standard was recently published, coal, mining, agriculture, aquaculture, and fishing, have Standards under development. The next sectors to be prioritized are:

- Food and beverage
- Textiles and apparel
- Banking
- Insurance
- Asset management
- Utilities
- Renewable energy
- Forestry
- Metal processing

The commencement of projects for these sectors has yet to be confirmed. Updated timelines can be found on the GRI website in the [Schedule of Standards](#) projects webpage.

40. Does an organization need to report on all topics listed in the applicable Sector Standard(s)?

A Sector Standard describes topics identified as likely material for organizations in a given sector. However, circumstances for each organization vary, which means that not all topics listed in a Sector Standard may be material for all organizations in that sector. Each organization needs to determine its material topics according to its specific circumstances, such as its business model; geographic, cultural, and legal operating context; ownership structure; and the nature of its impacts.

The organization only needs to report on the topics it has determined as material. However, any topics in the applicable Sector Standard(s) the organization determined as not material are required to be listed in the GRI content index, along with a short explanation of why they are not material.

It is important to note that additional topics not included in the applicable Sector Standard(s) may also be material for an organization due to its circumstances.

41. Can I just report the topics included in the applicable Sector Standard?

A Sector Standard describes topics identified as likely material for most organizations in a given sector. It explains why the topic might be material for the organization by outlining significant impacts and how they occur in the sector by drawing on authoritative international instruments and other supporting references.

Using Sector Standards is not a substitute for an organization's own process for identifying material topics. Not all topics listed in a Sector Standard may be material for all organizations in a given sector.

Similarly, topics that are material for an organization might not be represented in a Sector Standard due to the organization's specific circumstances (e.g., the organization's geographic location). Therefore, the organization is still required to identify its own material topics according to its specific circumstances.

42. If there is no Sector Standard available for my Sector, is my organization required to use the applicable G4 Sector Disclosure?

While the Sector Standards are under development, the G4 Sector Disclosures (developed for the GRI G4 Guidelines) can provide additional sector disclosures and guidance. G4 Sector Disclosures were not updated as part of the transition from the GRI G4 Guidelines to the GRI Standards, and their use is not required for preparing a report in accordance with the GRI Standards in the case of the Universal Standards 2016 or the Universal Standards 2021.

43. If my organization is still using the G4 Sector Disclosures, is it required to list them in the GRI content index?

An organization reporting in accordance with the GRI Standards is required to list in the GRI content index all the disclosures it has reported. This includes disclosures from sources other than the GRI Standards and applies to disclosure drawn from G4 Sector Disclosures.

An organization reporting with reference to the GRI Standards is required to list only those disclosures it has reported from the GRI Standards. As such, it is not required to list disclosures from G4 Sector Disclosures but can list them if it wants to.

Further guidance on how to prepare a GRI content index can be found in Appendices 1 and 2 in *GRI 1: Foundation 2021*.

44. Is the additional sector reporting listed in Sector Standards required to be reported?

The topics and associated reporting have been identified based on available evidence and authoritative international instruments, as well as the recommendations of a multi-stakeholder working group.

Additional sector disclosures and recommendations for the organization to report are included in cases where the GRI Topic Standards do not provide disclosures or the disclosures from the Topic Standards do not provide sufficient information about the impacts of an organization from the given sector relating to a topic.

Reporting on these additional sector disclosures and recommendations is encouraged; however, it is not a requirement.