Item 11 – Recommended revisions to the GRI reporting model (Paper E)

For GSSB discussion

<table>
<thead>
<tr>
<th>Date</th>
<th>10 September 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting</td>
<td>24-25 September 2019</td>
</tr>
<tr>
<td>Project</td>
<td>Review of GRI’s universal Standards</td>
</tr>
<tr>
<td>Description</td>
<td>This document presents the GRI Standard Division’s recommendations for revising the GRI reporting model, for review by the Global Sustainability Standards Board (GSSB).</td>
</tr>
</tbody>
</table>
## Contents

2 Introduction ................................................................................................................................................................. 3
3 Section 1. Overview of the current reporting model.................................................................................................. 4
4 Section 2. Methodology............................................................................................................................................. 4
5 Section 3. Summary of findings ................................................................................................................................ 5
6 Section 4. Assessment criteria..................................................................................................................................... 11
7 Section 5. Revisions to the reporting model.............................................................................................................. 12
8 Options for revision.................................................................................................................................................. 12
9 Appraising options.................................................................................................................................................. 12
10 Recommended option for the revised reporting model (option D) ................................................................. 13
11 Reasons for omission............................................................................................................................................ 16
12 Incorporation of a management 'sign-off' statement ......................................................................................... 20
13 Annex 1. Current reporting model.......................................................................................................................... 21
14 Annex 2. Other corporate reporting frameworks .................................................................................................. 25
Introduction

About this document

This document presents GRI Standards Division’s recommended option for revising GRI’s reporting model, i.e., the requirements to claim that a report is ‘in accordance’ with the GRI Sustainability Reporting Standards (GRI Standards). It forms part of the project to review GRI’s universal Standards, as approved by the GSSB at its meeting on 25-26 March 2019. This introduction explains the background for revising the reporting model.

Section 1 presents the current reporting model.

Section 2 provides details of the methodology applied to assess the current model and evaluate possible revised options.

Section 3 presents the summary of findings.

Section 4 presents the criteria used for assessing possible options to revise the reporting model.

Section 5 includes an appraisal of options to revise the reporting model and the Standard Division’s recommended option in further detail.

It is advised to have the universal Standards available for reference when reading through the recommended revisions:

- GRI 101: Foundation 2016
- GRI 102: General Disclosures 2016
- GRI 103: Management Approach 2016

The GSSB are requested to consider the following key areas when reading through this paper:

- the assessment criteria used to evaluate the revised reporting model
- the move to one ‘in accordance’ reporting option
- the required criteria in the revised reporting model
- revisions to the reasons for omission and which reporting requirements they can be applied to

These key areas will be discussed during the GSSB meeting on 25 to 26 September 2019.

Background

Upon transition to the GRI Standards in 2016, the GSSB made a commitment to review the reporting model and if appropriate to make revisions. Other drivers for reviewing the model include:

- simplifying the reporting model to eliminate confusion around the current reporting options; and
- reducing the risk of reporting organizations overstating claims or making false claims about their level of adherence with the GRI Standards.
Section 1. Overview of the current reporting model

Use of the GRI Standards

There are two basic approaches for using the GRI Standards:

1. In accordance: using the GRI Standards as a set to prepare a sustainability report in accordance with the Standards using either of the following options:
   - **Core**: This option indicates that a report contains the minimum information needed to understand the nature of the organization, its material topics and related impacts, and how these are managed.
   - **Comprehensive**: This builds on the Core option by requiring additional disclosures on the organization’s strategy, ethics and integrity, and governance. In addition, the organization is required to report more extensively on its impacts by reporting all the topic-specific disclosures for each material topic covered by the GRI Standards.

2. GRI-referenced: using selected Standards, or parts of their content, to report specific information.

For each of these ways of using the Standards there is a corresponding claim, or statement of use, that is defined in GRI 101: Foundation 2016. Any published materials with disclosures based on the GRI Standards are always to be referenced using one of these claims.

Further details on the current reporting model are included in Annex 1.

Section 2. Methodology

The GRI Standards Division performed an assessment of the current reporting model by carrying out the following activities:

1. Analysis of relevant technical enquiries: focused on those relating to making claims and required criteria for using the GRI Standards (163 enquiries) and General Disclosures in GRI 102 (39 enquiries);
2. Interviews with a range of experts, stakeholders and reporters;
3. Analysis of responses from the Standards Division’s survey on GRI’s universal Standards;
4. Review of 45 reports claiming to be prepared in accordance with the GRI Standards;
5. Review of reporting models of other bodies that issue corporate reporting frameworks (primarily those which address financial reporting).

For further information on activities 1 to 4 above, refer to Item 06 - Introduction paper.
Section 3. Summary of findings

Overview of use of GRI Standards

Since the release of the GRI Standards in October 2016, a total of 1,754 reports have been registered with GRI as of 9 August 2019. This means that these reports have been notified to GRI and verified for their use of the Standards and related claim. All organizations using the GRI Standards are required to notify GRI; however, it is commonly observed that the vast majority do not complete this process. Despite this, the sample of reports that have been registered with GRI can offer a fair indication of the proportion of reports making use of the different claims and reporting options in the entire population of reports:

<table>
<thead>
<tr>
<th>Use of GRI Standards</th>
<th>Number</th>
<th>% of all reports</th>
<th>% of total in accordance reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI-referenced claim</td>
<td>293</td>
<td>17%</td>
<td>-</td>
</tr>
<tr>
<td>Core in accordance option</td>
<td>1,259</td>
<td>72%</td>
<td>86%</td>
</tr>
<tr>
<td>Comprehensive in accordance option</td>
<td>202</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total reports</strong></td>
<td><strong>1,754</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Analysis of technical enquiries

There were 163 enquiries asking for clarification about making claims and their required criteria and the majority of these came from reporting organizations, consultants and assurance providers. The common themes were:

- How the required criteria apply to topic-specific Standards, particularly to the in accordance Core option where at least one disclosure is required for each material topic (37 enquiries).
- The wording to be used to make the claim in the report (28 enquiries).
- The required criteria for:
  - in accordance options (26 enquiries);
  - a GRI-referenced report (21 enquiries);
  - reporting on the disclosures in GRI 102, most commonly not being able to comply with Disclosures102-7 and 102-8 (14 enquiries).
- Process for notifying GRI of the use of the Standards (7 enquiries).
- Whether an organization is required to comply with all topic-specific GRI Standards even if the topics are not material for that organization (5 enquiries).

Analysis of technical enquiries relating to GRI 102: General Disclosures 2016 (aside from the content index and assurance which are covered in Item 10 on pages 4 to 5 shows that organizations most
frequently have queries in respect of the following disclosures, required for both Core and Comprehensive options, where reasons for omission are not permitted:

- Disclosure 102-7 Scale of the organization
- Disclosure 102-8 Information on employees and other workers
- Disclosure 102-11 Precautionary Principle or approach
- Disclosure 102-41 Collective bargaining agreements
- Disclosure 102-45 Entities included in the consolidated financial statements

The technical enquiries identify the following challenges for reporters:

<table>
<thead>
<tr>
<th>General Disclosure</th>
<th>Types of queries raised (listed in order of most common)</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-7 Scale of the organization</td>
<td>- Lack of clarity on what is expected to be reported&lt;br&gt;- Terms or definitions are unclear&lt;br&gt;- Cited difficulties collecting the required data (net sales/revenue, total capitalization, total number of operations, quantity of products or services)&lt;br&gt;- Private company not wishing to report the information</td>
</tr>
<tr>
<td>102-8 Information on employees and other workers</td>
<td>- Cited difficulties collecting the required data (by gender, region, contract type)&lt;br&gt;- Question the relevance of or consider that the disclosures are not material to them&lt;br&gt;- Terms or definitions are unclear (employees, workers)&lt;br&gt;- Private company not wishing to report the information&lt;br&gt;- Lack of clarity on what is expected to be reported</td>
</tr>
<tr>
<td>102-11 Precautionary Principle or approach</td>
<td>- Lack of clarity on what is expected to be reported</td>
</tr>
<tr>
<td>102-41 Collective bargaining agreements</td>
<td>- Lack of clarity on what is expected to be reported&lt;br&gt;- Unable to obtain accurate and complete data to provide one overall percentage&lt;br&gt;- Time-consuming to collect the data</td>
</tr>
<tr>
<td>102-45 Entities included in the consolidated financial statements.</td>
<td>- Lack of clarity on what is expected to be reported</td>
</tr>
</tbody>
</table>

Note that this is a high-level analysis intended to highlight the reasons reporters state they are unable to comply with these disclosures, and therefore unable to meet the required criteria for the in accordance Core option.
More information on these disclosures and recommended revisions is included in Item 10.

The five disclosures listed above were specifically targeted in the review of reports and in the survey questions. Since reasons for omission are not permitted, if reporters are unable to report these required disclosures, technically they cannot make an in accordance claim (either Core or Comprehensive). Some reporters are aware of this and revert to using a GRI-referenced claim, others are not transparent about the omitted information or incorrectly use reasons for omission thereby making an ‘improper’ in accordance claim.

Feedback from interviews with stakeholders

General feedback:
- Respondents were ambivalent overall about whether the current reporting model should be retained or revised.
- Retaining the current reporting model provides a stable reporting approach and prevents discouraging reporters by introducing more change (particularly because many reporters are only beginning to apply the GRI Standards now and it has been a learning curve for them).
- The options in the current reporting model are clearly understood and provide choice.
- The current reporting model allows for companies to easily omit disclosures without identifying that they are doing so.
- Having just one option may be perceived as too complex for first-time reporters and small and medium enterprises (SMEs).
- If only one option is available, it must be based upon identifying material topics and reporting relevant disclosures and essential organizational disclosures, and it must be an improvement.
- Sometimes there are no significant differences between a compliant Core report and a Comprehensive report in which all reasons for omission are applied.
- Many reports sit somewhere between the Core and Comprehensive options.

Feedback on the GRI-referenced claim:
- This option does not clearly convey its limited application of the Standards and a report making use of this option is not strictly a credible ‘GRI Standards’ report.

Feedback on the Core in accordance option:
- This is primarily the option chosen for cost reasons.
- Not being able to use reasons for omission for Core disclosures in GRI 102 is a problem.

Feedback on the Comprehensive in accordance option:
- Reporters making use of this option were ‘A’ level reporters in G3 and are mainly the largest organizations.
- Extensive reporting required for the disclosures in GRI 102 deters reporters from using this option.
Survey feedback on GRI’s universal Standards

The table below shows the number of respondents to the survey by category, with these terms being used in the analysis of the feedback:

<table>
<thead>
<tr>
<th>Respondents by their use of GRI Standards</th>
<th>Description</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporters/ reporting organizations</td>
<td>Those involved in using the GRI Standards for preparing reports for their own organizations</td>
<td>93</td>
<td>38%</td>
</tr>
<tr>
<td>Consultants</td>
<td>Those involved in using the GRI Standards for preparing reports for other organizations</td>
<td>65</td>
<td>27%</td>
</tr>
<tr>
<td>Assurance providers</td>
<td>Those providing assurance over content in GRI Standards reports</td>
<td>17</td>
<td>7%</td>
</tr>
<tr>
<td>Training providers</td>
<td>Those providing training to others on the use of the GRI Standards</td>
<td>17</td>
<td>7%</td>
</tr>
<tr>
<td>Report users</td>
<td>Those using, monitoring or analyzing information from sustainability reports that use the GRI Standards</td>
<td>52</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Total respondents</strong></td>
<td>All those who responded to the survey</td>
<td>244</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Feedback on the GRI-referenced claim:**

75% of all respondents found the GRI-referenced claim to be clear. It was stated that this option provides flexibility, and it is used by those who cannot meet the threshold for the Core in accordance option (e.g., first-time reporters, SMEs, organizations with insufficient resources). It is seen as a legitimate alternative to the Core or Comprehensive in accordance options and still produces a ‘GRI report’. However, it can lead to ‘cherry-picking’ of topics and disclosures.

**Feedback on the Core in accordance option:**

This is seen as the easier in accordance option, which provides sufficient disclosure. Some reporters already report some of the additional disclosures that fall under the Comprehensive in accordance option (e.g., more topic-specific disclosures or additional GRI 102 disclosures). Of the 93 reporters that responded to the survey, 78% do not aspire to use the Comprehensive in accordance option in future.

**Feedback on the Comprehensive in accordance option:**

This option is mainly chosen by larger organizations for recognition reasons, and is not chosen by other (smaller) organizations as the disclosures are considered too extensive. Stakeholders do not expect all organizations to use this option. Moreover, organizations do not want to report on
indicators which are not material or applicable to them (this demonstrates a misinterpretation by
some organizations that the Comprehensive in accordance option requires all disclosures in all
topic-specific Standards, even for topics which are not considered material by the organization).

Preferences for reporting model options:
The following preferences were stated by reporters:

a. 42% want to retain the current reporting model
b. 21% prefer having just one reporting option
c. 20% prefer having the GRI-referenced claim and one other reporting option
d. 11% suggested other options than those listed above (e.g., SME option, driven by maturity
levels of different material topics)
e. 6% did not express a preference

There was equal preference for either keeping the current reporting model (preference a) or
moving to a simpler model (preferences b and c).

In addition, 62% of all 244 respondents stated that they would like an SME/first-time reporting
option. Of the different types of respondents this was highest for report users (67%) and reporters
(66%). Among the reporters, there was a higher preference within the small and medium sized
organizations (74%) compared to the larger organizations (63%).

For report users, 83% found it important to understand which reporting option is used and the
stated reasons for this included: revealing the organization’s motivation, helping to benchmark
organizations, and assisting with checking the contents of the report.

Review of GRI Standards reports
A sample of 45 reports were reviewed (32 Core and 13 Comprehensive). The review did not seek
to analyze all requirements reported but was targeted at those disclosures and requirements that
presented challenges to reporters (as observed in the technical enquiries and through feedback from
the GRI Services team). The main findings were that none of the reports were fully compliant with
reporting all requirements in GRI 102: General Disclosures. This non-compliance included:

- omitting the disclosures in GRI 102 for which reasons for omission cannot be applied;
- not fully reporting all the information for specific disclosures and not identifying that there
were omissions;
- omitting disclosures or specific reporting requirements where a reason for omission could
be applied, but not stating the reason for omission; or
- where reasons for omission are provided, not complying with one of the four reasons for
omission listed in Table 2 of GRI 101.

The following table shows an analysis of the linkage between the organization’s material topics and
its use of topic-specific Standards in the reviewed reports:
In accordance option

<table>
<thead>
<tr>
<th>Category</th>
<th>Core</th>
<th>Comprehensive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is left up to reader to create the link</td>
<td>12</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Material topics are listed in the content index together with the GRI Standards</td>
<td>11</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Table or graph used to clearly establish the relationship</td>
<td>2</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>All the material topics have the same name as the topic-specific Standard</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Other (e.g., not all material topics were listed in the content index)</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

This demonstrates that in 19 of the 45 reports reviewed, it is not obvious for report users how the reported disclosures and content in the report relate to the organization’s identified material topics.

### Analysis of other reporting frameworks

Given the significant adoption rates of financial reporting frameworks, and their similarities to the GRI Standards, reviewing the reporting models of some of these frameworks offers a valuable comparison. The two major frameworks reviewed are the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the United States Generally Accepted Accounting Principles (US GAAP) issued by the Financial Accounting Standards Board (FASB). Both these frameworks have only one level of compliance: a report must adhere to all standards, aspects, and disclosure requirements.

As an additional observation, other non-financial corporate reporting frameworks, such as the frameworks issued by the Climate Disclosure Standards Board (CDSB), the International Integrated Reporting Council (IIRC), and the Sustainability Accounting Standards Board (SASB), also only have one level of compliance, i.e., compliance with all elements of their frameworks.

See Annex 2 for a summary of other reporting frameworks.

### Specific additional feedback on reasons for omission

**Stakeholder interviews:**

During the interviews, some concerns were expressed about reasons for omission being inappropriately used, as in the case of citing the reason 'information unavailable', or falsely expressing ‘confidentiality constraints’.
**Survey feedback:**

In the survey, 76% of all respondents stated that they found the reasons for omissions clear, while 20% of reporters and 38% of report users stated that they were not aware of the existence of reasons for omission.

88% of report users stated that they found it useful to understand what specific information required by the GRI Standards has not been provided by an organization, and 85% stated that they found it useful to understand the reason why an organization has not reported this required information.

Further comments from the survey included:

- reasons for omission are not visible in the Standards;
- unclear as to what they apply to – full disclosures or parts of disclosures, or parts of information (e.g., if 10% of the information could not be collected);
- unclear where reporting organizations should include them in their report;
- unclear when to use them;
- no reason for omission available for when information can be collected but at very high cost.

The following are comments received against the specific reasons for omission:

- Not applicable: unclear as to whether this reason for omission means that the information is not material for a disclosure or part of a disclosure;
- Confidentiality constraints: unclear about the difference between this and specific legal prohibitions;
- Information unavailable: information can be available but remain of poor quality; if an organization has no plans to collect the data what reason should it give – suggest that this reason for omission should also cover information under development.

**Reviews of reports:**

- The reports reviewed focused on GRI 102 disclosures and showed that reasons for omission are used where they are not permitted and even when they are permitted the reason was not properly explained. Other reasons for omission than the four reasons included in Table 2 of GRI 101 were also used by reporters, such as a disclosure not being considered material or not a priority for the organization.

---

**Section 4. Assessment criteria**

The following criteria were developed by the Standards Division for assessing whether the proposed revised reporting model continues to meet the objectives of the current reporting model:

1. Is it an improvement compared to the current reporting model?
   a. Is it easier for reporting organizations to understand what is required?
   b. Is it likely to reduce improper claims about the level of compliance or at least improve transparency?
   c. Will it produce more meaningful and appropriate reporting in terms of reporting on material topics and related disclosures?
d. Does it clearly indicate the extent of application of the GRI Standards and distinguish between an 'in accordance' report and a report which has applied individual standards or parts of standards?

2. Does it continue to address the following objectives that the current reporting model achieves?
   a. **Standardization** of disclosures and reported information;
   b. **Transparency** for report users in terms of expected information compared to actual reported information allowing for monitoring of reports and disclosures;
   c. **Flexibility** for different types of organizations (size and nature), and first-time reporters;
   d. Results in **credible** and **appropriate** reporting.

3. Will it alienate a significant number of current reporters?

4. Will it encourage new reporters to use the GRI Standards?

5. Does it still result in useful reporting for report users?

**Question for the GSSB**: does the GSSB agree with the assessment criteria?

### Section 5. Revisions to the reporting model

#### Options for revision

Four possible options were considered for the revised reporting model:

A. Keep current model.

B. Replace GRI-referenced claim with wording that clearly shows the report is not an in accordance GRI Standards report

C. In addition to option B above, have two revised in accordance levels based on the current Core and Comprehensive in accordance options

D. In addition to option B above, develop one in accordance level.

The revised model must represent an improvement upon the current model (see assessment criteria above).

#### Appraising options

Option A was one of the most popular preferences expressed by reporters in the survey and has also been recommended by some interviewees. The primary motivation for this option is that it would maintain a stable reporting platform for reporters who have become familiar with the in accordance options and GRI-referenced claim, which were introduced in G4. However, option A does not resolve the challenges that exist with the current reporting model.
Option B would address the concern that reporters who use the GRI-referenced claim could add unwarranted credibility to their report, since they have not necessarily complied with all of the universal Standards, i.e., applied the reporting principles and determined material topics.

Option C is an improvement upon option B and could include possible revisions to the current in accordance options such as which disclosures in GRI 102 permit the use of reasons for omission, or the extent of reporting required on topic-specific disclosures for Core reporters. However, this is not likely to be an easier approach for reporters to understand.

Option D is an improvement upon option B and represents one in accordance reporting option, thereby addressing the challenges identified in using the current reporting model and making it commensurate with other corporate reporting frameworks. This is the option recommended by the Standards Division and is described in detail below.

Option D would address all points in 1. and 2. of the assessment criteria detailed above. Points 3, 4 and 5 of the criteria will need to be evaluated through further stakeholder engagement that will take place in the next phase of the project.

Question for the GSSB: does the GSSB agree with moving to one in accordance option?

Recommended option for the revised reporting model (option D)

The Standard Division’s recommendation proposes a revised reporting model with only one in accordance reporting option. This would require reporting organizations to comply with the following criteria in order to claim that their report is in accordance with the GRI Standards:

<table>
<thead>
<tr>
<th>Required criteria</th>
<th>One in accordance option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use the correct claim (statement of use) in any published materials with disclosures based on the GRI Standards</td>
<td>Include the following statement: ‘This report has been prepared in accordance with the GRI Standards’.</td>
</tr>
<tr>
<td></td>
<td>[Note that a report that has used specific GRI Standards or parts of their content, to report specific information, i.e., the former GRI-referenced claim, will now include the following statement:</td>
</tr>
<tr>
<td></td>
<td>‘This report has not been prepared in accordance with the GRI Standards, but has made use of the following GRI Standards / parts of the content of GRI Standards [list specific GRI Standards or parts of GRI Standards used].’]</td>
</tr>
<tr>
<td>Use GRI 101: Foundation to follow the basic process for preparing a sustainability report</td>
<td>Comply with all requirements in Section 2 of GRI 101: Foundation ('Using the GRI Standards for sustainability reporting')</td>
</tr>
</tbody>
</table>
### Use GRI 102: General Disclosures to report contextual information about the organization

Comply with all reporting requirements for **all disclosures** in GRI 102: General Disclosures.

**Reasons for omission are permitted for the following disclosures:**

- 102-14R Statement from senior decision-maker
- 102-16R Principles and values
- 102-HR1 Policy commitment to respect human rights
- 102-HR2 Embedding of the policy commitment to respect human rights throughout the organization
- 102-HR3 Remediation processes and grievance mechanisms
- 102-17R Mechanisms for advice and concerns about ethics
- 102-41R Collective bargaining agreements
- 102-18R to 102-38R inclusive (governance related disclosures)

[See Item 10 for these revised disclosures]

### Use GRI 103: Management Approach to report the management approach for all material topics

For each material topic, comply with all reporting requirements from GRI 103: Management Approach.

**Reasons for omission are permitted for all Management Approach Disclosures: 103-1, 103-2 and 103-3**

### Use the topic-specific GRI Standards (series 200, 300, 400) to report on material topics

For each material topic covered by a topic-specific GRI Standard:

- comply with all reporting requirements in the ‘Management approach disclosures’ section
- comply with all reporting requirements for **all appropriate topic-specific disclosures** (as identified in Disclosure 102-47R List of material topics, topic-specific GRI Standards and appropriate disclosures – see Item 10 page 16)

For each material topic not covered by a GRI Standard, it is recommended to report other relevant disclosures for that topic (see existing clause 2.5.3)

**Reasons for omission are permitted for all management approach and topic-specific disclosures**

### Ensure that reasons for omission are used correctly, if applicable

Comply with all requirements in clause 3.2 (Reasons for omission) – see revised Table 2 below

### Notify GRI of the use of the Standards

Comply with all requirements in clause 3.4 (Notifying GRI of the use of the Standards)
For any organization that does not meet the required criteria in its reporting, it will not be able to make the claim that its report is in accordance with the GRI Standards and will need to use the revised ‘GRI-referenced’ claim that states that the report is not in accordance with the GRI Standards.

The following are the key changes in the revised model compared to the current model:

1. All reporting organizations are required to report all disclosures in GRI 102, or where permitted, provide a reason for omission.

2. Organizations are required to list their material topics, identify those that are covered by relevant topic-specific GRI Standards and those that are not, and identify appropriate disclosures (see Disclosure 102-47R in Item 10). This requires organizations to proactively identify the appropriate topic-specific GRI Standards and disclosures that will describe the management of their identified significant impacts to sustainable development and provide meaningful information for a report user to understand their performance of those impacts.

3. All reporting organizations are required to report all relevant topic-specific disclosures identified in point 2 above, or provide a reason for omission.

The following table compares the required criteria in the current Core and Comprehensive in accordance reporting options and the recommended revised model:

<table>
<thead>
<tr>
<th>Required criteria</th>
<th>Current model (refers to existing Standards)</th>
<th>Revised model (refers to revised Standards)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GRI 101: Foundation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application of reporting principles/concepts</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Reasons for omission permitted</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

| **GRI 102: General Disclosures** | | |
| Reporting on Disclosures in GRI 102: General Disclosures | All except Disclosures 102-15 (Key impacts, risks, and opportunities), 102-17 (Mechanisms for advice and concerns about ethics), and 102-19 to 102-39 (Governance) | All disclosures | All disclosures |
| Reasons for omission permitted (see table on pages 18 to 19) | x | | |

Permitted for Disclosures 102-17 (Mechanisms for advice and concerns about ethics), and 102-19 to 102-39 (Governance) for Section 1., Section 6., or Section 7., and Disclosure 102-43R (stakeholder engagement)
**Required criteria**

<table>
<thead>
<tr>
<th>Current model (refers to existing Standards)</th>
<th>Revised model (refers to revised Standards)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td>Core</td>
</tr>
<tr>
<td>Comprehensive</td>
<td>Comprehensive</td>
</tr>
</tbody>
</table>

### GRI 103: Management approach

Reporting on Disclosures in GRI 103: Management Approach

- ✓
- ✓
- ✓

Reasons for omission permitted

- Only Disclosure 103-1
- Only Disclosure 103-1
- All disclosures

### Topic-specific GRI Standards

- Reporting on topic-specific management approach disclosures
  - All disclosures
  - All disclosures
  - All disclosures

- Reporting on other topic-specific disclosures
  - At least one disclosure
  - All disclosures
  - All disclosures

- Reasons for omission permitted
  - ✓
  - ✓
  - ✓

**Questions for the GSSB:** does the GSSB agree with the recommended required criteria in the revised reporting model?

Specifically, does it provide a reporting model that is easier for reporters to understand without making concessions on the required level of information in a GRI Standards report?

### Reasons for omission

**Revisions to the four reasons for omission**

Based on the feedback outlined above and the recommended changes to the reporting model, reasons for omission are recommended to be retained as part of the reporting model, with the following revisions:

**Not applicable:** the intent of this reason was to identify instances when a topic-specific disclosure is not considered appropriate for reporting the organization's impacts, how it manages those impacts or its performance with respect to that impact. An example of this is when an organization has identified climate change as a material topic, and deems that topic-specific disclosures 305-6 and 305-7 in GRI 305: Emissions 2016 are not relevant to the organization as they do not have any emissions of ozone-depleting substances, NOx or SOx. Feedback highlights that this reason may be ‘misapplied’ and used for other purposes. It is therefore recommended to revise this reason to focus only on those circumstances where topic-specific disclosures do not provide meaningful information in respect of the organization's impacts.
Information unavailable: this reason for omission remains valid and it is to be revised to emphasize that it applies to situations where the information is incomplete and provides an example.

No revisions are recommended to the reasons: 'confidentiality constraints’ and 'specific legal prohibitions’, and the other revisions are detailed below:

**Revised Table 2 Reasons for omission in GRI 101**

<table>
<thead>
<tr>
<th>Reason for omission</th>
<th>Required explanation in the sustainability report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>Specify the reason(s) why the disclosure is considered to be not applicable.</td>
</tr>
</tbody>
</table>
| Disclosure is not a proxy for the identified significant impact | Describe the reason why a disclosure in a topic-specific GRI Standard does not provide a meaningful proxy for the organization’s identified significant impacts, including how it manages those impacts or its performance with respect to those impacts.  

[Note that an organization is encouraged to identify other disclosures to report their impacts as appropriate]. |
| Confidentiality constraints                                   | Describe the specific confidentiality constraints prohibiting the disclosure.                                        |
| Specific legal prohibitions                                   | Describe the specific legal prohibitions.                                                                           |
| Information unavailable or incomplete                        | Describe the specific steps being taken to obtain the missing information and the expected timeframe for doing so.  

If the reason for omission is due to the fact that the necessary information cannot be obtained, or is not of adequate quality to report (as may sometimes be the case when the Boundary for a material topic extends beyond the reporting organization—information is to be collected from another organization, e.g., a supplier), explain this situation.

Additional guidance to be included in clause 3.2: reasons for omission are required to be provided when an entire disclosure is not reported, or when parts of a disclosure are not reported.

Note that in the required criteria for an in accordance report under the revised reporting model stated above, the organization is required to identify the appropriate topic-specific disclosures for each of its material topics as required in Disclosure 102-47R. This will assist the organization in identifying those topic-specific disclosures where the first reason for omission will need to be reported.

**Question for the GSSB**: does the GSSB agree with the recommended revisions to the four reasons for omission?
Disclosures for which reasons for omission are permitted

As detailed in the revised Table 2 reporting criteria table on pages 13 to 14 above, reasons for omission are permitted for all disclosures in *GRI 103: Management Approach* and topic-specific GRI Standards.

For GRI 102 disclosures, not being able to meet every reporting requirement in every general disclosure for which reasons for omission are not permitted can sometimes be a reason why an organization cannot currently claim to be in accordance with the GRI Standards (either Core or Comprehensive). It is therefore important to consider which of the revised General Disclosures reasons for omission are to be permitted, i.e., which disclosures are fundamental to be included in a GRI Standards report.

The Standards Division recommends that reasons for omission be permitted for the following disclosures:

<table>
<thead>
<tr>
<th>GRI 102 General Disclosure</th>
<th>Reasons for omission permitted (√)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Organizational profile</strong></td>
<td></td>
</tr>
<tr>
<td>102-1R Organizational details</td>
<td>X</td>
</tr>
<tr>
<td>102-45R Identifying organizational entities reported on</td>
<td>X</td>
</tr>
<tr>
<td>102-2R Activities, value chain and business relationships</td>
<td>X</td>
</tr>
<tr>
<td>102-8R Information on employees and other workers</td>
<td>X</td>
</tr>
<tr>
<td><strong>2. Strategy</strong></td>
<td></td>
</tr>
<tr>
<td>102-14R Statement from senior decision-maker</td>
<td>√</td>
</tr>
<tr>
<td><strong>3. Responsible business conduct</strong></td>
<td></td>
</tr>
<tr>
<td>102-16R Principles and values</td>
<td>√</td>
</tr>
<tr>
<td>102-HR1 Policy commitment to respect human rights</td>
<td>√</td>
</tr>
<tr>
<td>102-HR2 Embedding of the policy commitment to respect human rights throughout the organization</td>
<td>√</td>
</tr>
<tr>
<td>102-HR3 Remediation processes and grievance mechanisms</td>
<td>√</td>
</tr>
<tr>
<td>102-17R Mechanisms for advice and concerns about ethics</td>
<td>√</td>
</tr>
<tr>
<td><strong>4. Stakeholder engagement</strong></td>
<td></td>
</tr>
<tr>
<td>102-43R Approach to stakeholder engagement</td>
<td>X</td>
</tr>
<tr>
<td>102-41R Collective bargaining agreements</td>
<td>√</td>
</tr>
<tr>
<td><strong>5. Governance</strong></td>
<td></td>
</tr>
<tr>
<td>Governance-related disclosures (102-18R to 102-38R inclusive)</td>
<td>√</td>
</tr>
<tr>
<td><strong>6. Report content</strong></td>
<td></td>
</tr>
<tr>
<td>102-47R List of material topics, topic-specific GRI Standards and appropriate disclosures</td>
<td>X</td>
</tr>
<tr>
<td>102-46R Process for identifying material topics</td>
<td>X</td>
</tr>
</tbody>
</table>
### GRI 102 General Disclosure

<table>
<thead>
<tr>
<th>GRI 102 General Disclosure</th>
<th>Reasons for omission permitted (✓)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Reporting practice</td>
<td></td>
</tr>
<tr>
<td>102-48R Restatements and changes in reporting</td>
<td>X</td>
</tr>
<tr>
<td>102-50R Reporting period and reporting cycle</td>
<td>X</td>
</tr>
<tr>
<td>102-54R Claims about the use of GRI Standards</td>
<td>X</td>
</tr>
<tr>
<td>102-55R GRI content index</td>
<td>X</td>
</tr>
<tr>
<td>102-56R External assurance</td>
<td>X</td>
</tr>
</tbody>
</table>

The disclosures for which reasons for omission are not permitted are deemed to provide critical information to understand:

- the organization’s profile (Section 1. disclosures);
- how the organization determined the content of its report (Section 6. disclosures and Disclosure 102-43R Approach to stakeholder engagement); and
- the organization’s reporting practice (Section 7. disclosures).

### Question for the GSSB: Does the GSSB agree with the recommendation of which General Disclosures reasons for omission are to be permitted? [The GSSB is requested to consider whether the disclosures for which reasons for permission are not permitted collectively provide information critical to producing a GRI Standards in accordance report.]

### Situations where a reporting organization does not have ‘policies or processes’

There can be situations, (e.g., SMEs or first-time reporters), where an organization does not have a policy or process which it is required to describe by a certain disclosure. For example, Disclosure 102-56R requires an organization to report a ‘description of the organization’s policy and current practice with regard to seeking external assurance for the report…’. The absence of a policy in respect of external assurance does not prevent the organization from reporting the disclosure and being in accordance with the GRI Standards, provided the organization discloses that it has no such policy.

The Standards Division recommends that when an organization does not have policies or processes required in these disclosures, a statement to confirm this is enough to satisfy the requirements. This can be clarified by:

- including guidance in GRI 101 for such situations; and
- developing reporting requirements or supporting guidance for these types of disclosures to explain what an organization is required to report, where this is appropriate.

The terminology ‘policy or process’ here is intended to be wide ranging such that it captures a variety of items, initiatives and activities including commitments, mechanisms, procedures, or processes.
Incorporation of a management ‘sign-off’ statement

It is recommended that a report, which claims to be in accordance with the GRI Standards, includes a statement by senior management to support the claim. The reasons for suggesting such a statement include:

- improving quality of reporting;
- increasing scrutiny of non-financial reporting;
- signalling involvement, responsibility and accountability of senior management in identifying material topics and collecting and providing relevant information for reporting disclosures.

The exact wording of such a statement, who would be expected to make such a statement and how it is directly linked to the in accordance claim is currently being investigated by the Standards Division. Similar statements required by other reporting frameworks will be researched and input will be obtained from relevant experts.

**Question for the GSSB:** does the GSSB agree to further investigation of a management ‘sign-off’ statement being included in a GRI Standards report?
Annex 1. Current reporting model

The following are excerpts from Section 3 of GRI 101: Foundation 2016 that describe the current reporting model:

**Use of the GRI Standards**

There are two basic approaches for using the GRI Standards:

1. Using the GRI Standards as a set to prepare a sustainability report in accordance with the Standards.
2. Using selected Standards, or parts of their content, to report specific information.

For each of these ways of using the Standards there is a corresponding claim, or statement of use, that is defined in this Standard. Any published materials with disclosures based on the GRI Standards are always to be referenced using one of these claims. This ensures transparency about how the Standards have been applied.

**In accordance options**

There are two options for preparing a report in accordance with the GRI Standards:

- **Core:** This option indicates that a report contains the minimum information needed to understand the nature of the organization, its material topics and related impacts, and how these are managed.

- **Comprehensive:** This builds on the Core option by requiring additional disclosures on the organization’s strategy, ethics and integrity, and governance. In addition, the organization is required to report more extensively on its impacts by reporting all the topic-specific disclosures for each material topic covered by the GRI Standards.

These options do not relate to the quality of the information in the report or the magnitude of the organization’s impacts. Instead, they reflect the degree to which the GRI Standards have been applied. An organization is not required to progress from Core to Comprehensive; it can choose the option that best meets its reporting needs and the information needs of its stakeholders.

**Making claims**

3.1 To claim that a sustainability report has been prepared in accordance with the GRI Standards, the reporting organization shall meet all criteria for the respective option (Core or Comprehensive) from Table 1:
### Current Table 1 in GRI 101
Criteria to claim a report has been prepared in accordance with the GRI Standards

<table>
<thead>
<tr>
<th>Required criteria</th>
<th>Core option</th>
<th>Comprehensive option</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Use the correct claim</strong> (statement of use) in any published materials with disclosures based on the GRI Standards</td>
<td>Include the following statement: ‘This report has been prepared in accordance with the GRI Standards: Core option’</td>
<td>Include the following statement: ‘This report has been prepared in accordance with the GRI Standards: Comprehensive option’</td>
</tr>
<tr>
<td><strong>Use GRI 101: Foundation to follow the basic process for preparing a sustainability report</strong></td>
<td>Comply with all requirements in Section 2 of GRI 101: Foundation (‘Using the GRI Standards for sustainability reporting’)</td>
<td>[Same as for Core]</td>
</tr>
</tbody>
</table>
| **Use GRI 102: General Disclosures to report contextual information about the organization** | Comply with all reporting requirements for the following disclosures from GRI 102: General Disclosures:  
  - Disclosures 102-1 to 102-13 (Organizational profile)  
  - Disclosure 102-14 (Strategy)  
  - Disclosure 102-16 (Ethics and integrity)  
  - Disclosure 102-18 (Governance)  
  - Disclosures 102-40 to 102-44 (Stakeholder engagement)  
  - Disclosures 102-45 to 102-56 (Reporting practice) | Comply with all reporting requirements for all disclosures from GRI 102: General Disclosures  
  **Reasons for omission are only permitted for the following disclosures:** Disclosure 102-17 (Ethics and integrity), and Disclosures 102-19 to 102-39 (Governance). See clause 3.2 for more information |
## Current Table 1 in GRI 101
Criteria to claim a report has been prepared in accordance with the GRI Standards

<table>
<thead>
<tr>
<th>Use GRI 103: Management Approach to report the management approach and the topic Boundary for all material topics</th>
<th>For each material topic, comply with all reporting requirements from GRI 103: Management Approach</th>
<th>[Same as for Core]</th>
</tr>
</thead>
</table>
| Use the topic-specific GRI Standards (series 200, 300, 400) to report on material topics | For each material topic covered by a topic-specific GRI Standard:  
- comply with all reporting requirements in the ‘Management approach disclosures’ section  
- comply with all reporting requirements for at least one topic-specific disclosure  
For each material topic not covered by a GRI Standard, it is recommended to report other appropriate disclosures for that topic (see clause 2.5.3) | Reasons for omission are permitted for all topic-specific disclosures (see clause 3.2) |
| Ensure that reasons for omission are used correctly, if applicable | Comply with all requirements in clause 3.2 (Reasons for omission) | [Same as for Core] |
| Notify GRI of the use of the Standards | Comply with all requirements in clause 3.4 (Notifying GRI of the use of the Standards) | [Same as for Core] |

---

2 This includes material topics covered by the GRI Standards and those not covered by the GRI Standards.
3.2 If, in exceptional cases, an organization preparing a sustainability report in accordance with the GRI Standards cannot report a required disclosure, the organization shall provide in the report a reason for omission that:

3.2.1 describes the specific information that has been omitted; and

3.2.2 specifies one of the following reasons for omission from Table 2, including the required explanation for that reason.

<table>
<thead>
<tr>
<th>Reason for omission</th>
<th>Required explanation in the sustainability report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>Specify the reason(s) why the disclosure is considered to be not applicable.</td>
</tr>
<tr>
<td>Confidentiality constraints</td>
<td>Describe the specific confidentiality constraints prohibiting the disclosure.</td>
</tr>
<tr>
<td>Specific legal prohibitions</td>
<td>Describe the specific legal prohibitions.</td>
</tr>
<tr>
<td>Information unavailable</td>
<td>Describe the specific steps being taken to obtain the information and the expected timeframe for doing so. If the reason for omission is due to the fact that the necessary information cannot be obtained, or is not of adequate quality to report (as may sometimes be the case when the Boundary for a material topic extends beyond the reporting organization), explain this situation.</td>
</tr>
</tbody>
</table>

GRI-referenced claim

3.3 If the reporting organization uses selected GRI Standards, or parts of their content, to report specific information, but has not met the criteria to prepare a report in accordance with the GRI Standards (as per clause 3.1), the organization:

3.3.1 shall include in any published material with disclosures based on the GRI Standards a statement that:

3.3.1.1 contains the following text: ‘This material references [title and publication year of the Standard]’, for each Standard used;

3.3.1.2 indicates which specific content from the Standard has been applied, if the Standard has not been used in full;

3.3.4 should apply the Reporting Principles for defining report quality from Section 1;

3.3.5 should report its management approach by applying GRI 103: Management Approach together with any topic-specific Standard (series 200, 300, or 400) used.
## Annex 2. Other corporate reporting frameworks

<table>
<thead>
<tr>
<th>Corporate Reporting Frameworks</th>
<th>Compliance criteria and statements of use</th>
</tr>
</thead>
</table>
| Climate Disclosure Standards Board (CDSB) Framework (issued by CDSB) | **REQ-11 Conformance**  
Disclosures shall include a statement of conformance with the CDSB Framework, or equivalent.  
Purpose: To inform readers about whether, and to what extent, the principles and requirements of the CDSB Framework, or an equivalent framework, have been applied.  
In order to assert conformance with the CDSB Framework, an organisation must apply the guiding principles to the environmental information reported and comply with the requirements. In cases where full conformance has not been achieved, management shall identify in the statement those principles and requirements that it has not conformed with, in whole or in part. This shall be accompanied by an explanation of the relevant circumstances, the nature of the omission and the organisation’s plans for full conformance.  
Unless otherwise stated in the mainstream report, the statement of conformance shall also:  
- Identify information that is incomplete, or has been prepared under conditions of uncertainty together with an explanation about the nature and degree of omissions/ errors/uncertainty;  
- State whether and to what extent environmental information has been assured (see also REQ-12); and  
- State the outcome of applying the relevance and materiality principle. |
<table>
<thead>
<tr>
<th>Corporate Reporting Frameworks</th>
<th>Compliance criteria and statements of use</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Financial Reporting Standards (issued by the International Accounting Standards Board - IASB)</td>
<td><strong>IAS 1 Presentation of Financial Statements</strong>&lt;br&gt;16. An entity whose financial statements comply with IFRS Standards must make an explicit and unreserved statement of such compliance in the notes. An entity must not describe financial statements as complying with IFRS Standards unless they comply with all the requirements of the Standards.</td>
</tr>
<tr>
<td>International Integrated Reporting Framework (issued by the International Integrated Reporting Council - IIRC)</td>
<td><strong>Application of the Framework (requirements)</strong>&lt;br&gt;1.17 Any communication claiming to be an integrated report and referencing the Framework should apply all the requirements identified in bold italic type unless:&lt;br&gt;• The unavailability of reliable information or specific legal prohibitions results in an inability to disclose material information&lt;br&gt;• Disclosure of material information would cause significant competitive harm. (See paragraph 3.51.)&lt;br&gt;1.18 In the case of the unavailability of reliable information or specific legal prohibitions, an integrated report should:&lt;br&gt;• Indicate the nature of the information that has been omitted&lt;br&gt;• Explain the reason why it has been omitted&lt;br&gt;• In the case of the unavailability of data, identify the steps being taken to obtain the information and the expected time frame for doing so.</td>
</tr>
</tbody>
</table>
### Corporate Reporting Frameworks

<table>
<thead>
<tr>
<th>Compliance criteria and statements of use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainability Accounting Standards Board (SASB) Standards (issued by SASB)</strong></td>
</tr>
<tr>
<td>2.1 Identifying Use of the Standards</td>
</tr>
<tr>
<td>- When reporting using a SASB standard, an entity shall cite the relevant SASB standard in order to be in conformance with the standard.</td>
</tr>
<tr>
<td>2.2 Omissions and Modifications</td>
</tr>
<tr>
<td>- The SASB recognizes that standardized disclosures of financially material sustainability information to investors is a relatively new area of practice, and certain accounting metrics may be infeasible to disclose in the near term for some entities. The SASB encourages entities to use the standards to guide investor disclosures even in the event that certain disclosure topics and/or associated metrics must be omitted and/or modified.</td>
</tr>
<tr>
<td>- An entity that omits one or more disclosure topics and/or accounting metrics should disclose the omission(s), as well as the rationale for the omission(s). For example, if a disclosure topic does not apply to an entity’s business model, the entity should disclose that the topic and its associated metrics were omitted based on the lack of applicability.</td>
</tr>
<tr>
<td>- If an entity believes it necessary to modify a metric, the entity shall disclose the fact that the metric was changed, as well as the rationale for the change.</td>
</tr>
<tr>
<td><strong>United States Generally Accepted Accounting Principles (issued by the Financial Accounting Standards Board – FASB)</strong></td>
</tr>
<tr>
<td>Any entity asserting that a set of financial statements is in compliance with US GAAP complies with all applicable sections of the Codification, including disclosures. However, an explicit and unreserved statement of compliance is not required.</td>
</tr>
</tbody>
</table>