



GRI SUSTAINABILITY REPORTING STANDARDS FOR COMPANIES AND ORGANISATIONS

AN INTRODUCTION TO THE GLOBAL REPORTING INITIATIVE

CONTENT

▶ Introduction	3
▶ ESG reporting benefits	4
▶ GRI Sustainability Reporting Standards	5
▶ Key features for using the GRI Sustainability Reporting Standards	6
▶ ESG reporting by SMEs	8
▶ Assurance services	9



INTRODUCTION

The value of reporting on environmental, social and governance (ESG) issues has significantly increased over the past years as many stakeholders - including investors, regulators, civil society groups, clients, suppliers and employees - are paying more attention to the strategic performance of companies and organisations and their non-financial impacts.

Globally, many governments, financial regulators and stock exchanges have mandated or promoted ESG reporting by drafting new laws, introducing regulation in the form of amending corporate governance codes, producing sustainability reporting guidance, etc. In some jurisdictions this has led to an up to 100 % uptake of ESG reporting by larger companies, for example in Malaysia and Norway.



ESG REPORTING BENEFITS

As a result, companies are now reporting on a variety of ESG impacts, such as their corporate governance practices, environmental and social matters, prevention of human rights abuse policies, diversity of the board structures and other key indicators, defined on the basis of a robust materiality assessment.

Reporting on ESG issues helps companies to increase awareness of their responsible business practices and to preserve and strengthen their brand reputation. Reporting on ESG impacts can also have a positive effect on the competitiveness of a company. The collection of this valuable data can be used by the company to shape a better internal strategy and to save costs through greater efficiency planning, as well as to create innovative products. In the end, businesses are discovering that reporting on ESG impacts enables financial value creation and enhances financial performance.

In the case of SMEs, ESG reporting ensures that they are prepared for the new global supply chain requirements, given that larger companies are now asking their supply chain partners more often to comply with heightened sustainability standards. While ESG reporting is still less common in the SME segment when compared to larger companies, trends point to this changing within the near future.



“ESG reporting is a rapidly evolving area of reporting, especially in the SME sector. Many smaller sized entities are finding that their larger customers are requiring such reporting as part of that customer's due diligence process.”

**CHRIS SMITH, GLOBAL HEAD OF
AUDIT AND ASSURANCE**

GRI SUSTAINABILITY REPORTING STANDARDS

There are a number of reporting initiatives in existence, including GRI Sustainability Reporting Standards, International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), the Ten Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the Greenhouse Gas Protocol. At the moment, however, there is no globally endorsed comprehensive reporting framework for ESG reporting. The Global Reporting Initiative has developed GRI Sustainability Reporting Standards, which represent the most widely used reporting framework set by companies and organisations globally.

In this document, we outline the main features of the GRI Sustainability Reporting Standards, together with guidance on how to get started with reporting, and other useful links.

DEVELOPMENT OF THE GRI SUSTAINABILITY REPORTING STANDARDS

The GRI Sustainability Reporting Standards are the most widely used sustainability reporting framework worldwide. Since the GRI's establishment in 1997, GRI has launched four generations of GRI Reporting Guidelines (G1, G2, G3 and G4) and, as of October 2016, GRI has produced the GRI Sustainability Reporting Standards. The GRI Standards are a significantly improved version of the GRI G4 Guidelines and include all the main concepts and disclosures from the GRI G4 Guidelines, together with an improved modular structure, clearer requirements and simpler language.

The GRI Sustainability Reporting Standards are developed by the Global Sustainability Standards Board (GSSB), an independent experts group. The GSSB is also responsible for making sure that the Standards are continuously updated and adapted to the most recent social, economic and regulatory trends. The GSSB is hosted and organised by GRI and its terms of reference and working programme can be found on the GRI website; its sessions are also publicly streamed [online](#).

GRI hosts a disclosure database on their website where they have collected sustainability reports from many organisations over the years. The 2018 database has over 50,000 reports, of which more than 30,000 are GRI reports. The database can be a helpful tool for companies looking to start their ESG reporting journey.

WHERE TO FIND THE GRI SUSTAINABILITY REPORTING STANDARDS

The consolidated set of Standards can be downloaded free of charge from the GRI [website](#). The original version is in English but the Standards are available in 8 other languages: Arabic, French, German, Indonesian, Japanese, Spanish, Vietnamese, traditional and simplified Chinese. The GRI website includes other supporting tools and starter kits for those creating reports. All recent updates and interpretations of the Standards can also be found on the GRI [website](#).



"In our trainings, we share with participants the most up to date practices and tools in the field of sustainability reporting and ESG integration, based on years of experience in developing sustainability strategies for global and local companies.

The Sustainability and Corporate Responsibility Group at BDO Israel is the official, certified GRI training partner. We provide sustainability and CSR professionals with in-depth training on GRI Standards, support with the integration of ESG factors into companies' operations, and on how to develop and execute an effective sustainability reporting process.

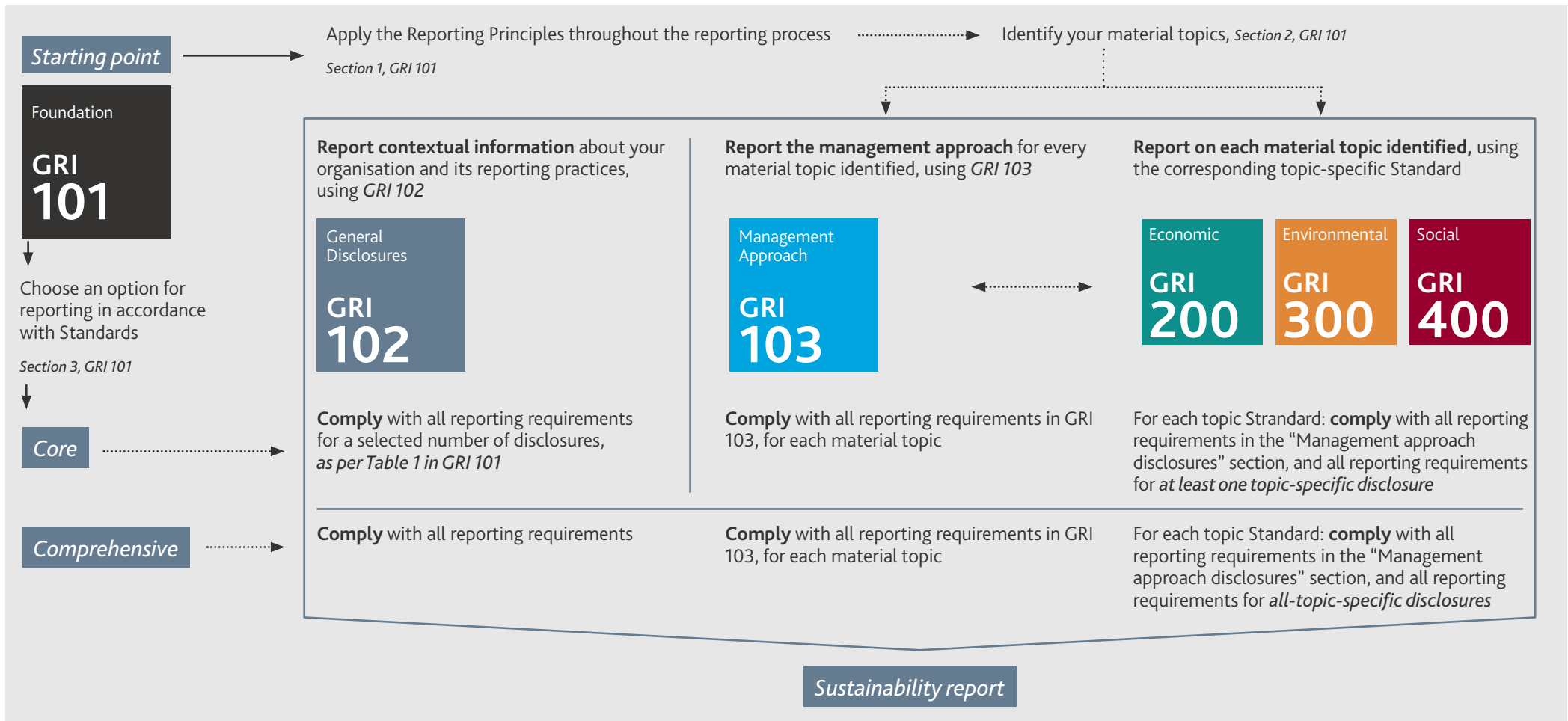
GRI Standards play an important role in optimising our clients' ESG performance. Moreover, the training partnership with GRI helps us share our knowledge and grow the community of best practice sustainability reporting companies in Israel."

ITAMAR SCHWARTZ, BDO ISRAEL

KEY FEATURES FOR USING THE GRI SUSTAINABILITY REPORTING STANDARDS

THE CHART BELOW IS FROM GRI AND GIVES AN OVERVIEW OF THE STANDARDS

USING THE GRI STANDARDS FOR SUSTAINABILITY REPORTING



THE STANDARDS' CORE PRINCIPLES ARE

LEVEL 1 PRINCIPLES FOR DEFINING REPORTING CONTENT, THAT OF:

1. Stakeholder inclusiveness
2. Sustainability context
3. Materiality
4. Completeness

LEVEL 2 PRINCIPLES FOR DEFINING REPORTING QUALITY, THAT OF:

5. Accuracy
6. Balance
7. Clarity
8. Comparability
9. Reliability
10. Timeliness

The GRI Sustainability Reporting Standards embed the principle of materiality as the cornerstone of ESG reporting. The principle of materiality ensures that organisations focus on the most relevant impacts and vital indicators during their reporting journey. Defining materiality is the fundamental stepping stone for producing a valuable report. Focusing on material impacts allows organisations to report on issues important to management and key stakeholders and to avoid disclosure overload.

The GRI Sustainability Reporting Standards are a solid and elaborate reporting framework which has been developed over the course of 20 years and are the most widely used reporting framework for ESG reporting worldwide. It should be noted that producing a GRI report significantly adds to the value of reporting as it enables the information provided to be easily compared in a consistent manner. Investors and other stakeholders rate the importance of comparability and consistency of ESG impacts extremely highly.

GRI works closely with a number of other international organisations and their strategic partners including the Organisation for Economic Co-operation and Development, the United Nations Environment Programme and the United Nations Global Compact. The GRI framework also benefits from synergies with guidance from the International Finance Corporation, the International Organisation for Standardisation's ISO 26000, the United Nations Conference on Trade and Development and the Earth Charter Initiative.

REPORTING FORMAT

The GRI Sustainability Reporting Standards can be used to prepare reports in various formats. For example, your business can choose to prepare a standalone sustainability report, a report section in the company annual report or an integrated report: please see BDO's related flyer on the value of [integrated reporting and integrated thinking](#).



EXISTING FOR OVER 20 YEARS



MORE THAN 30,000 GRI REPORTS



90 % OF REPORTS FROM LARGER COMPANIES



AND ONLY 10 % SMES



WEBSITE – WWW.GLOBALREPORTING.ORG

ESG REPORTING BY SMES

Although currently only approximately 10% of these reports are submitted by SMEs, in principle, the GRI Sustainability Reporting Standards are suitable for all types and sizes of organisations and business sectors and there is no doubt that the Standards are fit for use by SMEs.

However, in practice SMEs face difficulties in reporting on their ESG impacts because of the additional administrative costs that reporting adds. Preparing a GRI report can be a complex and time-consuming exercise and SMEs can struggle to find the immediate benefits of ESG reporting.

We'd like to emphasise that the value of ESG reporting for SMEs is significant and will often outweigh any costs incurred. The benefits to SMEs of submitting these reports are multiple, including easier access to and compliance with global chain supply requirements, competitive advantage, brand reputation, business growth and innovation.

As reflected by the SME reports in the GRI database hosted on their [website](#) many SMEs already see the value of producing a sustainability report. However, given that SMEs are the backbone of many economies, this represents a minority when compared with the total number of them.

At BDO we believe that more tools and tailor-made guidance for SMEs reporting need to be developed because we understand that SMEs need support and training in order to start reporting on a voluntary basis.

GRI and the International Labour Organisation have launched a special publication that is geared towards SME reporting: Small Business, Big Impact: SME Sustainability Reporting from Vision to Action can be found on the [GRI website](#) and includes useful tips on starting to report in this way – for example, start small scale and grow over time, check out examples of SME reports on the GRI reporting database, etc.



“GRI encourages organizations, from SMEs to large multinationals to use the GRI Standards to measure and report on their ESG impacts. In the year since the Standards launched we have received positive and constructive feedback from report preparers all over the world, and we will put it to good use to continue developing the Standards and get more report preparers to use them. More and better reporting will help us to reach the meaningful ambitions set for the world in the United Nations Sustainable Development Goals.”

BASTIAN BUCK, DIRECTOR REPORTING STANDARDS, GRI

ASSURANCE SERVICES

THE BENEFITS OF ASSURANCE ON SUSTAINABILITY REPORTS

An increasing number of enterprises no longer consider sustainable entrepreneurial actions as a mere expression of social responsibility, but as a decisive competitive factor. Many companies already publish sustainability reports and thus make their sense of responsibility transparent both in-house and to third parties, e.g. shareholders, analysts, customers, employees, governmental and non-governmental organisations, suppliers and the interested public. Sustainable entrepreneurial actions and their respective reporting are therefore increasingly becoming a strategic management instrument.

Having BDO assurance on your sustainability report can add to the benefits:

- Increasing your credibility
- Support of maintaining or establishing your reputation
- Improving communication with your stakeholders
- Suggestions for structuring internal processes
- Indications regarding potential for improving your sustainability management
- Recommendations for embedding sustainability aspects within corporate governance

ASSURANCE STANDARD ISAE 3000 (REVISED)

The ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* published by the IFAC's International Auditing and Assurance Standards Board (IAASB) has become more and more like a standard for rendering assurance services regarding sustainability reports.

As the ISAE 3000 (Revised) sets out principles and core engagement requirements for such engagements, it may also be considered as the overarching framework for the application of ISAE 3410 *Assurance Commitments on Greenhouse Gas Statements*.

For the auditor of sustainability reports, the distinction between appointing auditors to perform a limited assurance or to obtain a reasonable assurance is of key importance.

Under ISAE 3000, the auditor may perform procedures which can result in either limited or reasonable assurance of the sustainability report. Understanding the differences between the two levels of assurance and the needs of the company and users of the sustainability report is of critical importance.



“Assurance services for sustainability reports are rendered very often by certified public auditors. This represents a high level of trust in our highly regulated profession.”

NILS BORCHERING, BDO GERMANY



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