



newtral

Guide to Global Reporting Initiative (GRI)

Explore the GRI Standards: Your comprehensive guide to corporate sustainability reporting, aligning with global ESG goals and best practices.

Contents

Introduction

What is the Global Reporting Initiative (GRI)?	4
The Evolution of Sustainability Reporting	4
Who Should Use GRI?	5

Deep Dive

The Structure of GRI Standards	7
Materiality in GRI	7
Complementary Use with SDGs (Sustainable Development Goals)	9

Regulations and Standards

Global Trends in Sustainability Reporting	14
How ESG Metrics Overlap with GRI Standards	14
Country-Specific Regulations	15

Our Approach

Automate with Newtral AI	18
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Global Reporting Initiative

The GRI logo is centered within a large, dark blue gear. The gear is part of a larger background of various sized gears, some of which contain icons like a lightbulb, a sun, and a recycling symbol. The overall theme is industrial and sustainable.

GRI

Introduction

Understanding the Global Reporting Initiative (GRI)

Your guide to GRI is for anyone seeking to understand global sustainability reporting standards and practices.

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Your guide to GRI is for anyone seeking to understand global sustainability reporting standards and practices.

What is the Global Reporting Initiative (GRI)?

The Global Reporting Initiative (GRI) is a widely recognized and influential framework for sustainability reporting. It provides organizations with standards to measure and disclose their environmental, social, and governance (ESG) performance. By using GRI, businesses can transparently communicate their impact on critical areas like climate change, human rights, and corporate ethics.

At its core, GRI empowers organizations to go beyond profit and align their strategies with sustainable development. Whether a company is aiming to meet stakeholder expectations or comply with regulatory requirements, GRI serves as a universal language for sustainability reporting.

Brief History and Purpose of GRI

The journey of GRI began in 1997 when the Coalition for Environmentally Responsible Economies (CERES) and the Tellus Institute collaborated to create a framework for corporate sustainability. Officially launched in 2000, the GRI Standards quickly became the gold standard for non-financial reporting.

From its early days, GRI has had one overarching purpose: to help organizations report their ESG impacts transparently and consistently. Over the years, the framework has evolved into a modular system, addressing the unique needs of diverse industries and adapting to a rapidly changing global landscape.

The Evolution of Sustainability Reporting

Sustainability reporting has come a long way from being a niche practice to a mainstream business necessity. Initially, companies shared environmental data as an act of goodwill. Today, ESG metrics have become integral to strategic decision-making and stakeholder engagement.

Key milestones in this evolution include:

- The emergence of global frameworks like GRI, SASB, and TCFD.
- Rising investor demands for transparency and accountability.
- Regulatory shifts pushing mandatory sustainability disclosures.
- GRI has been at the forefront of this movement, driving accountability and enabling businesses to understand their role in shaping a sustainable future.

Why is GRI Important for Organizations?

1. Transparency and Stakeholder Trust

In an age of conscious consumerism and investor activism, transparency is no longer optional—it's essential. GRI provides a clear roadmap for organizations to disclose their sustainability efforts, fostering trust among stakeholders. Whether it's customers, employees, or shareholders, stakeholders value openness, and GRI ensures companies can meet those expectations.

2. Aligning Business Goals with Sustainability

The GRI framework enables companies to link their operational goals with sustainable practices. This alignment not only enhances brand reputation but also drives long-term growth. By adopting GRI standards, businesses can identify areas of improvement, reduce risks, and build resilience in a competitive marketplace.



Who Should Use GRI?

1. Industries and Sectors That Benefit Most

From energy giants to financial institutions, GRI caters to a wide range of industries. It's particularly beneficial for sectors with significant environmental or social footprints, such as:

- **Manufacturing:** Disclosing emissions, waste, and resource usage.
- **Retail:** Transparency in supply chains and ethical sourcing.
- **Technology:** Addressing energy consumption and data privacy concerns.
- **Healthcare:** Reporting on equitable access and community impacts.

2. Companies of All Sizes: From Startups to Multinationals

While multinational corporations often lead the way in sustainability reporting, small and medium enterprises (SMEs) can also leverage GRI to enhance their credibility. For startups, GRI provides a scalable foundation to incorporate sustainability from the beginning, making them future-ready as they grow.

Why This Handbook?

Challenges with Sustainability Reporting

Despite its benefits, sustainability reporting can be complex and resource-intensive. Some common challenges organizations face include:

- **Navigating the Complexity of ESG Metrics:** Understanding and measuring diverse impacts across environmental, social, and governance dimensions.
- **Data Collection and Accuracy:** Ensuring reliable and consistent data across operations.
- **Keeping Up with Regulatory Changes:** Staying compliant in an evolving landscape of mandatory disclosures.

How This Guide Simplifies the Process

This handbook is designed to break down the GRI framework into actionable steps, making it easier for organizations to start or refine their reporting journey. Whether you're a seasoned sustainability professional or a newcomer, this guide offers:

- Clear explanations of the GRI structure and standards.
- Practical tips for identifying material topics and collecting data.
- Insights into aligning GRI with other global frameworks like SASB or TCFD.

With this resource, you'll be equipped to navigate the complexities of sustainability reporting confidently and effectively.



Deep Dive

Understanding GRI for Corporates

Understanding the guidelines, implementation, reporting bodies and corporate sustainability impact of GRI

Deep Dive

Deep Dive into GRI Standards

Understanding the guidelines, implementation, reporting bodies and corporate sustainability impact of GRI

The Structure of GRI Standards

The GRI Standards are designed to provide a modular and flexible framework for organizations to report their sustainability performance. This structure ensures clarity, adaptability, and consistency across industries and regions.

Overview of the Modular Structure

The GRI Standards are divided into three main categories:

- **Universal Standards:** These apply to all organizations and set the foundation for sustainability reporting.
- **Sector Standards:** Tailored for specific industries, these provide additional guidance on reporting sector-specific impacts.
- **Topic-Specific Standards:** Covering specific ESG topics like emissions, labor practices, and biodiversity, these standards help organizations disclose their performance in areas relevant to their operations.

Key Components of GRI Standards

GRI 1: Foundation 2021

- Provides the fundamental principles and requirements for using the GRI Standards.
- Helps organizations understand how to prepare a sustainability report and communicate their impacts transparently.

GRI 2: General Disclosures 2021

- Focuses on organizational details such as governance, ethics, and stakeholder engagement.
- Includes essential information like the company's structure, supply chain, and policies.

GRI 3: Material Topics 2021

- Guides organizations in identifying, assessing, and prioritizing material topics.
- Outlines the methodology for defining what matters most to stakeholders and the business.

Materiality in GRI

Materiality is the cornerstone of effective sustainability reporting, helping organizations focus on the issues that matter most to their stakeholders and operations.

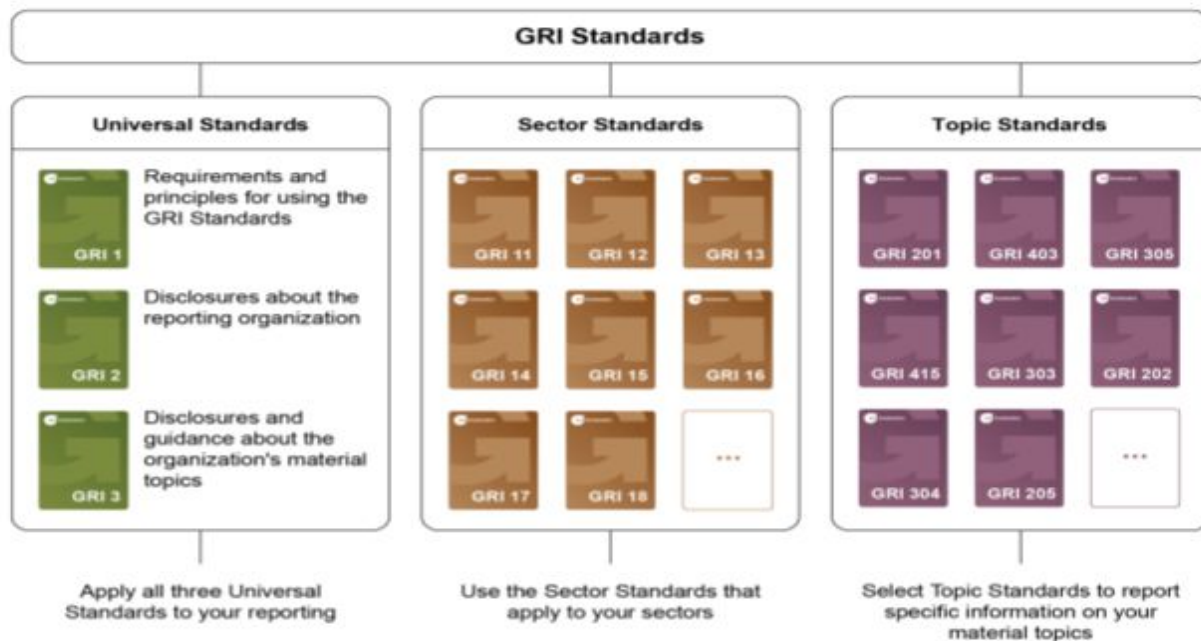
Understanding and Identifying Material Topics

Material topics are issues that reflect an organization's significant economic, environmental, and social impacts or influence stakeholders' decisions. The GRI Standards encourage companies to engage with stakeholders to identify these topics and align them with their strategic goals.

Examples of Material Topics Across Industries

- **Energy Sector:** Greenhouse gas emissions, renewable energy adoption, and community impact.
- **Textile Industry:** Supply chain transparency, waste management, and fair labor practices.
- **Financial Services:** Ethical investment, data security, and anti-corruption measures.

Structure of GRI Standards





Sector-Specific Standards

GRI's Sector Standards are tailored to address the unique sustainability challenges faced by different industries. By offering customized guidance, they simplify the reporting process and improve relevance.

How Sector-Specific Guidance Simplifies Reporting

Sector Standards provide:

- Predefined material topics specific to the industry.
- Recommendations for disclosures most relevant to stakeholders.

Case Examples

- **Energy Sector:** Focus on emissions management and biodiversity preservation.
- **Textiles and Apparel:** Address supply chain transparency and water consumption.
- **Financial Services:** Highlight responsible lending and investment practices.

Integrating GRI with Other Frameworks

Sustainability reporting often involves multiple frameworks. GRI can complement and integrate with other widely used standards to provide a holistic reporting approach.

GRI vs. Other Frameworks

- **SASB (Sustainability Accounting Standards Board):** Focuses on industry-specific financial materiality. GRI is broader, addressing stakeholder concerns and environmental impacts.
- **TCFD (Task Force on Climate-Related Financial Disclosures):** Emphasizes climate-related financial risk, while GRI covers broader ESG impacts.
- **CDP (Carbon Disclosure Project):** Focuses on climate and environmental data, which can be integrated into GRI's broader framework.

Complementary Use with SDGs (Sustainable Development Goals)

The GRI Standards and the United Nations Sustainable Development Goals (SDGs) are closely interconnected, offering organizations a powerful framework to align their sustainability efforts with global priorities. By using GRI Standards, companies can transparently report on their progress toward achieving the SDGs and showcase how they contribute to solving critical global challenges.

How GRI Standards and SDGs Work Together

- **Shared Objectives:** Both GRI and the SDGs aim to promote sustainable practices that address pressing global challenges like poverty, inequality, and climate change.
- **Measuring Impact:** GRI Standards provide detailed guidelines for measuring and reporting on sustainability issues, many of which directly correspond to the targets set by the SDGs.
- **Holistic Reporting:** By using GRI Standards to report on SDG-related topics, organizations can demonstrate their commitment to sustainable development in a structured, credible way.



Examples of GRI Standards Supporting Specific SDGs

1. Water-Related Standards and SDG 6 (Clean Water and Sanitation):

- **GRI Standards:** GRI 303 (Water and Effluents) guides organizations on reporting their water usage, recycling, and discharge impacts.
- **Alignment with SDG 6:** These disclosures directly support SDG 6 by addressing targets such as improving water quality, increasing water-use efficiency, and promoting sustainable freshwater management.
- **Example Action:** A beverage company could use GRI 303 to report how it reduces water consumption in its production process, aligning this effort with SDG 6.

2. Labor-Related Disclosures and SDG 8 (Decent Work and Economic Growth):

- **GRI Standards:** GRI 401 (Employment) and GRI 403 (Occupational Health and Safety) help organizations disclose key data about job creation, workplace safety, and employee well-being.
- **Alignment with SDG 8:** These align with SDG 8 by addressing targets such as promoting decent work environments, reducing workplace injuries, and increasing opportunities for employment and economic growth.
- **Example Action:** A tech company could report on its initiatives to create fair working conditions and reduce workplace accidents, demonstrating its contribution to SDG 8.

The Benefits of Linking GRI and SDGs in Reporting

1. **Enhancing Stakeholder Engagement:**
Stakeholders—including investors, customers, and employees—are increasingly focused on how organizations contribute to achieving the SDGs. Reporting through GRI Standards makes these contributions clear and credible.
2. **Building Global Alignment:**
Demonstrating alignment with the SDGs allows organizations to position themselves as leaders in sustainability, contributing to global efforts like poverty eradication, climate action, and gender equality.
3. **Comprehensive Impact Assessment:**
Using GRI Standards, businesses can assess their performance in a way that directly maps to SDG targets, enabling a detailed understanding of their role in global development.

Practical Example of Complementary Reporting

Company A: A multinational manufacturing company reports on energy efficiency initiatives using GRI 302 (Energy) and shows how its renewable energy investments directly contribute to SDG 7: Affordable and Clean Energy and SDG 13: Climate Action.

Outcome: By aligning their report with GRI Standards and SDGs, the company demonstrates its commitment to global sustainability goals, enhancing transparency and attracting investors focused on ESG metrics.

How to Use the Standards: A Step-by-Step Guide

Implementing the GRI Standards can seem overwhelming, but following a clear, structured approach can help organizations integrate sustainability reporting seamlessly. Below is a step-by-step guide to navigate the process effectively:

1. Understand the GRI Standards Framework

Start by familiarizing yourself with the structure, principles, and requirements outlined in the GRI Standards.

Review GRI 1 (Foundation):

- This document provides a comprehensive understanding of the GRI Standards' purpose, core principles, and reporting requirements.
- Key principles to follow include accuracy, clarity, comparability, and balance in your reporting.

Explore the modular structure: Begin with the Universal Standards, then identify relevant Sector and Topic-Specific Standards for your organization.

2. Engage Stakeholders

Sustainability reporting isn't just about the company—it's about your stakeholders. Engaging with them ensures your report reflects their expectations and priorities.

1. **Identify Key Stakeholders:** Stakeholders may include investors, employees, customers, regulators, suppliers, and local communities
2. **Gather Input and Feedback:**
 - Conduct surveys, workshops, or interviews to understand stakeholder concerns.
 - Use this feedback to inform your materiality assessment and reporting focus.

3. Conduct a Materiality Assessment

Materiality is the foundation of effective sustainability reporting. It helps you focus on issues that matter most to both your stakeholders and your organization.

- **Define Your Material Topics:** Material topics are the issues that have the most significant economic, environmental, or social impacts on your business and influence stakeholder decisions.
- **Use GRI 3 (Material Topics):** Follow the guidance to identify, assess, and prioritize material topics through stakeholder input and organizational impact analysis.
- **Create a Materiality Matrix:** Plot the importance of topics to stakeholders against their impact on your business.



4. Choose Applicable Standards

The modular nature of the GRI Standards allows you to customize your approach based on your organization's needs.

1. Start with the Universal Standards:

These include foundational principles (GRI 1), general disclosures about your organization (GRI 2), and a methodology for identifying material topics (GRI 3).

2. Add Sector Standards:

If your industry has specific guidelines, include the relevant Sector Standards to ensure your reporting addresses unique impacts. For example, the Oil and Gas Sector Standard emphasizes emissions and biodiversity, while the Textile Standard focuses on supply chain issues.

3. Incorporate Topic-Specific Standards:

Choose from over 30 Topic-Specific Standards, such as GRI 302 (Energy), GRI 403 (Occupational Health and Safety), or GRI 419 (Socioeconomic Compliance).

5. Collect and Validate Data

Data accuracy is critical to the credibility of your sustainability report. Ensure that the data you collect is relevant, reliable, and verifiable.

- **Set Up Data Collection Processes:**

- Collect data across your operations, from emissions to employee diversity metrics.
- Leverage internal systems or sustainability management tools to automate data collection.

- **Validate the Data:**

- Review the data to ensure consistency, accuracy, and alignment with GRI's requirements.
- Use third-party audits or assurance processes to verify the integrity of your report.

6. Draft and Publish the Report

Once you've collected and analyzed your data, it's time to bring everything together into a cohesive and transparent report.

- **Follow GRI Reporting Principles:**

- Ensure your report is accurate, balanced, and clear. Avoid cherry-picking data to present a favorable image.
- Disclose both positive achievements and areas where improvements are needed.

- **Structure Your Report:**

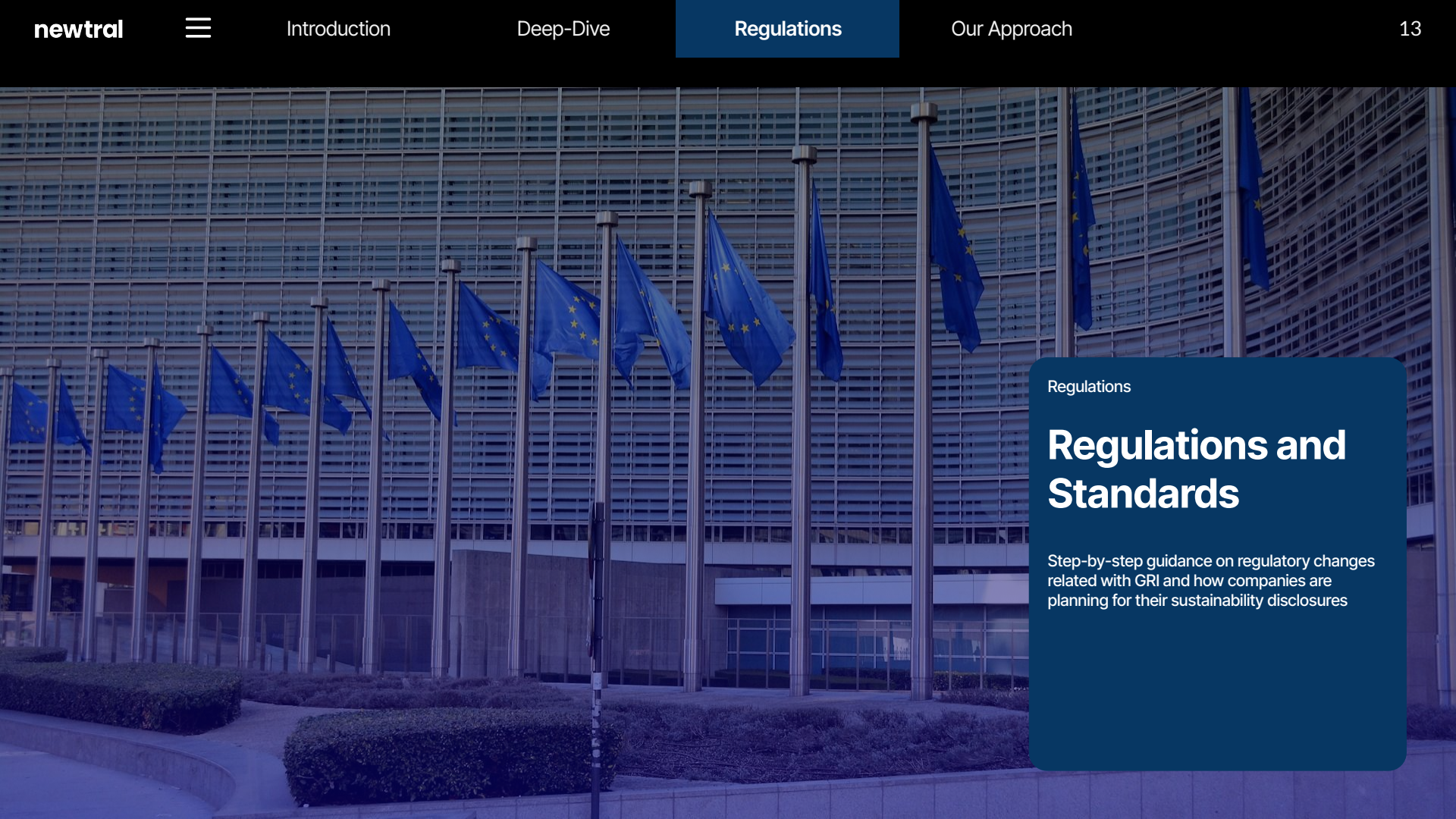
- Begin with an overview of your organization, followed by the methodology for identifying material topics, and then detail your performance on each material topic.

- **Review and Finalize:**

- Cross-check your report against the GRI Standards and seek feedback from stakeholders or third-party reviewers.

- **Publish and Share:**

- Share your report on your website, with investors, and across other communication channels.



Regulations

Regulations and Standards

Step-by-step guidance on regulatory changes related with GRI and how companies are planning for their sustainability disclosures

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Global Trends in Sustainability Reporting

The global sustainability landscape is rapidly evolving, driven by regulatory mandates, investor demand, and societal expectations. The adoption of frameworks like GRI varies regionally but is increasingly becoming a standard for transparent and impactful reporting.

Regional Adoption

- ❖ **European Union (EU):**
 - The EU leads global efforts with mandatory sustainability reporting requirements such as the Corporate Sustainability Reporting Directive (CSRD). Many EU companies already align with GRI Standards to meet compliance and stakeholder expectations.
- ❖ **United States (US):**
 - While sustainability reporting is largely voluntary, the U.S. Securities and Exchange Commission (SEC) has proposed mandatory climate-related disclosures. GRI Standards provide a robust foundation for companies aiming to meet these upcoming requirements.
- ❖ **Asia:**
 - Countries like Japan, South Korea, and Singapore are emphasizing ESG disclosures, with GRI serving as a key benchmark for companies operating regionally and globally.
- ❖ **Global South:**
 - Emerging economies are recognizing the importance of sustainability reporting to attract foreign investment and improve environmental and social outcomes.

Mandatory vs. Voluntary Reporting

- **Mandatory:** Governments and regulators increasingly require disclosures, especially in developed markets like the EU and U.S.
- **Voluntary:** Many organizations adopt GRI Standards to enhance transparency, attract investors, and align with international best practices, even when not legally mandated.

Key Insight: Even in voluntary settings, GRI-aligned reports are highly regarded for their rigor and comprehensiveness, offering a competitive edge.

The Role of ESG (Environmental, Social, and Governance)

ESG metrics and GRI Standards are closely interconnected. ESG focuses on evaluating non-financial risks and opportunities, while GRI provides a framework to disclose these impacts effectively.

How ESG Metrics Overlap with GRI Standards

- **Environmental:** GRI's Topic-Specific Standards address emissions (GRI 305), energy use (GRI 302), and biodiversity (GRI 304), aligning directly with ESG environmental criteria.
- **Social:** GRI disclosures on labor practices (GRI 401), diversity (GRI 405), and community engagement (GRI 413) help organizations meet social expectations.
- **Governance:** Governance-related GRI Standards, such as GRI 102 (Governance) and GRI 205 (Anti-Corruption), overlap with ESG's governance metrics.





Why Investors Value GRI-Aligned Reporting

- **Credibility:** GRI Standards are globally recognized, enhancing the credibility of sustainability reports.
- **Comparability:** GRI reports enable investors to benchmark companies across industries and geographies.
- **Risk Mitigation:** GRI disclosures help identify and manage ESG risks, making organizations more attractive to investors seeking long-term value.

Country-Specific Regulations

Understanding regional regulations is critical for ensuring compliance and aligning reporting with legal requirements.

EU Corporate Sustainability Reporting Directive (CSRD)

- **Scope:** Applies to large companies and listed SMEs, requiring them to disclose detailed ESG information.
- **Alignment with GRI:** CSRD emphasizes double materiality (impact on stakeholders and the environment), aligning closely with GRI principles.
- **Effective Date:** CSRD reporting requirements begin for certain companies from 2024.

SEC Proposals on ESG Disclosures (US)

- **Focus Areas:** The SEC's proposed rules emphasize climate-related financial disclosures, including Scope 1, 2, and 3 emissions.
- **Relevance to GRI:** Companies can use GRI Standards to prepare for these disclosures, ensuring consistency and comparability.

Other Key Regulatory Trends Globally

UK: Task Force on Climate-Related Financial Disclosures (TCFD) is mandatory for large companies.

Japan: Sustainability reporting is encouraged through corporate governance codes.

India: SEBI mandates ESG reporting under the Business Responsibility and Sustainability Report (BRSR).

Steps to Ensure Compliance

Adopting GRI Standards involves integrating sustainability reporting into existing company processes.

1. Map Company Processes to GRI Requirements

- Assess how current data collection and reporting align with GRI's Universal, Sector, and Topic-Specific Standards.
- Identify gaps and develop action plans to address them.

2. Engage Stakeholders

- Collaborate with internal teams, such as sustainability, finance, and HR, to gather accurate data.
- Involve external stakeholders like investors and NGOs for feedback on your reporting priorities.

3. Ensure Accurate Data Collection

- Implement robust data management systems to collect and track ESG performance metrics.
- Train teams to ensure consistency and accuracy in data collection.



Common Challenges and Solutions

1. Data Availability and Quality Issues

- Challenge: Many companies struggle with incomplete or inconsistent data.
- Solution: Start small by focusing on readily available data, then gradually expand to more comprehensive metrics. Use software tools to automate data collection and validation.

2. Balancing Transparency with Business Confidentiality

- Challenge: Disclosing sensitive information can expose companies to risks.
- Solution: Be transparent while protecting competitive information. Focus on aggregated data and context to balance openness with confidentiality

Conclusion

Bringing It All Together

The journey toward sustainable and transparent reporting begins with adopting a robust framework like the Global Reporting Initiative (GRI) Standards. This guide has walked you through the foundational aspects, in-depth details, regulatory requirements, and best practices for seamless implementation. Now, it's up to your organization to put these principles into action and lead the way in sustainability.

Why GRI Matters

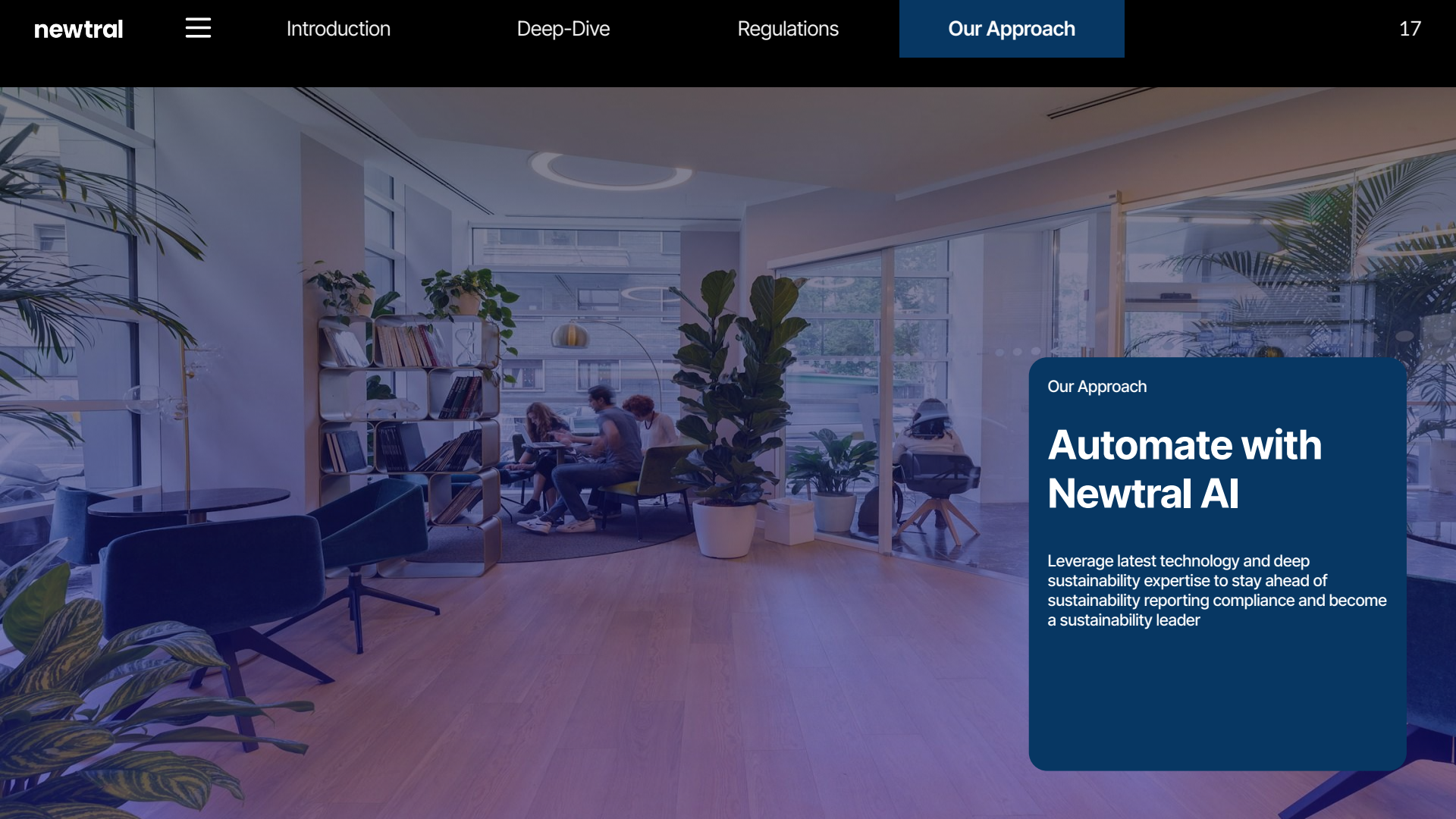
GRI goes beyond compliance; it is a tool for creating meaningful change. By aligning with these globally recognized standards, you:

- **Earn Stakeholder Trust:** Transparency builds credibility with investors, customers, employees, and communities.
- **Mitigate Risks:** Identifying and addressing material ESG topics prepares your organization for future challenges.
- **Drive Innovation:** Sustainability often reveals opportunities for cost savings, operational efficiency, and new markets.
- **Key Insight:** Sustainability reporting is not just about ticking boxes—it's about embedding responsibility and resilience into your business strategy.

Overcoming Challenges

While sustainability reporting can seem complex, the right approach simplifies the process:

- Start small by identifying material topics that resonate with your stakeholders.
- Use tools, frameworks, and real-world examples to streamline your reporting.
- Commit to continuous improvement, embracing feedback and evolving standards over time.

A modern office interior with large windows, indoor plants, and people working. The scene is bright and airy, with a mix of greenery and contemporary furniture. A blue semi-transparent box on the right contains text about the company's approach to automation and sustainability.

Our Approach

Automate with Newtral AI

Leverage latest technology and deep sustainability expertise to stay ahead of sustainability reporting compliance and become a sustainability leader

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At Newtral, we understand the challenges businesses face in navigating the complex landscape of sustainability reporting and ESG integration. That's why we've developed a cutting-edge, AI-powered sustainability platform that streamlines your entire sustainability workflow, ensuring compliance, transparency, and value creation for all stakeholders.

Key Features and Benefits:**Automated Sustainability Workflow:**

- Our AI-driven platform automates data collection, analysis, and reporting, saving time and resources
- Seamless integration with existing systems for efficient data management
- Ensures accuracy and consistency in sustainability reporting

Comprehensive Concierge Services:

- Dedicated sustainability experts to guide you through every step of your sustainability journey
- Tailored strategies and actionable insights based on your unique business needs
- Continuous support and expertise to help you achieve your sustainability goals

ESG Supply Chain Innovation:

- Advanced tools to assess and manage ESG risks and opportunities within your supply chain
- Collaborate with suppliers to improve sustainability performance and transparency
- Gain a competitive edge by demonstrating responsible supply chain practices

Scope 3 Emissions Management:

- Accurately measure and report your Scope 3 emissions with our AI-powered platform
- Identify hotspots and implement targeted reduction strategies
- Demonstrate leadership in addressing indirect emissions and climate change

Regulatory Compliance and Transparency:

- Stay ahead of evolving sustainability regulations and disclosure requirements
- Communicate your sustainability performance effectively to investors, customers, and other stakeholders
- Build trust and credibility through transparent and reliable sustainability reporting

Take the first step towards a more sustainable future with Newtral. Our AI-powered platform and expert concierge services provide the tools and guidance you need to integrate sustainability seamlessly into your business operations. Contact us today to schedule a demo and discover how Newtral can help you create lasting value for your stakeholders while contributing to a greener, more resilient world.



Newtral AI Platform- Enterprise ESG Platform for Corporates and Supply Chain

We help organizations automate their ESG metric measurements, tracking and reporting across company as well as their supply chain. Our platform solves for all corporate sustainability reporting and carbon accounting needs, visit newtral.io for more information.

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