

The Future of Reporting Standards: A Conversation with GRI | Blog | BSR

Reporting standards are changing, and they will continue to evolve over the next 18 months. To help companies interpret the implications for their reporting strategies, BSR has conducted interviews with the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the International Integrated Reporting Council (IIRC).

We discussed the future of GRI with Eric Hespeneide, chair of GRI's Global Sustainability Standards Board (GSSB).

Dunstan Allison-Hope: Why is GRI transitioning from the "G4 Guidelines" to "GRI Sustainability Reporting Standards"?

Eric Hespeneide: The sustainable development agenda has gathered pace with global commitments to the UN Sustainable Development Goals and the Paris climate change agreement. Over the past decade, we have also seen a dramatic increase in the number of companies measuring their sustainability performance.

Within this context, the transition from the G4 Guidelines to modular GRI Sustainability Reporting Standards (GRI Standards) is the latest step in the evolution of the guidelines, aimed at enhancing the credibility and adoption of the Standards around the world.

The new modular structure will allow the Standards to be kept more up-to-date and aligned with international instruments in the future. To keep pace with developments in reporting practices or regulation, the new structure will enable additional sustainability topics to be added, with greater ease.

Finally, establishing formal standards will allow GRI to be referenced even more in policy initiatives around the globe, supporting greater uptake of credible sustainability reporting.

Allison-Hope: What are the main changes companies can expect?

Hespeneide: Content from the G4 Guidelines and Implementation Manual will be brought together to form a new set of modular GRI Standards. It is important to note that most of the changes will focus on format and presentation—this is not "G5," and no new content has been added. The main concepts from G4 will be carried through, including the Reporting Principles, the emphasis on reporting only material topics, and the use of "disclosures on management approach."

Perhaps the most obvious change will be the new modular structure, where three "universal" standards applicable to all organizations will be based on the Reporting Principles, In Accordance options, General Standards Disclosures, and the Disclosure on Management Approach from G4. There will also be 33 "topic-specific" standards, each covering an individual sustainability topic, based on Aspects from G4. Organizations preparing a sustainability report in accordance with GRI Standards will use all three universal standards and will select

the relevant topic-specific standards based on their materiality analysis.

Allison-Hope: How are lessons learned from actual company reporting practice incorporated into the changes?

Hespeneide: GRI has an initiative to monitor how organizations are reporting against the guidelines and maintains an online platform to solicit direct feedback from stakeholders. Since the release of G4 in 2013, GRI has also developed a comprehensive "Frequently Asked Questions" document for the guidelines. This is based on direct feedback from reporters and provides clarifications on elements of G4 that were too often misinterpreted or inconsistently applied.

Allison-Hope: Is GRI seeking greater consistency between the disclosures contained in GRI Standards and the metrics contained in the SASB Standards?

Hespeneide: Organizations preparing a report in accordance with GRI Standards will be able to use additional disclosures from other frameworks or standards (such as SASB) to report on their material topics and can include this information in their report.

GRI Standards and the SASB Standards are fundamentally different. Unlike the GRI Standards, SASB is not a reporting framework, and there is no "SASB Sustainability Report"—it is a set of individual disclosures to define financially material sustainability information that should be included in a U.S. Securities and Exchange Commission (SEC) filing.

Because SASB's standards are specifically for use in an SEC filing, SASB has no independent definition of materiality, and instead adopts the SEC definition that focuses on investor information needs. The interests of other stakeholders are not fully considered, although some of their information needs may be met, assuming these overlap investor interests.

GRI Standards are not specifically focused on investors and include all stakeholders because it is our belief that the views and concerns of all stakeholder groups are required to create a comprehensive understanding of the sustainability issues that companies should address.

We are beginning to see companies use SASB indicators in their GRI reports, such as Bloomberg. It is still early days for SASB and it remains to be seen how much uptake there will be by companies in terms of them using SASB indicators in their SEC filings.

Allison-Hope: How can companies provide comment on these changes?

Hespeneide: The draft Standards are currently available for public comment until July 17 and can be found on GRI's online consultation platform^[1].

In addition, GRI will carry out a series of workshops^[2] in selected regions throughout June and July to get detailed stakeholder input.

More information on our transition to standards can be found on the project website^[3].

Referencias

- ^{1.} ^ online consultation platform
(consultation.globalreporting.org)
 - ^{2.} ^ series of workshops (www.globalreporting.org)
 - ^{3.} ^ project website (www.globalreporting.org)
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