GRI

GRI and sustainability reporting in the EU

Frequently asked questions by GRI reporters and information users

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1. What do the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD) mean for the relevance of the GRI Standards?

Strong alignment has already been achieved between the GRI Standards and the ESRS. This means GRI reporting is highly relevant for companies seeking to comply with the impact reporting requirements of the ESRS – both now and in the future.

As has been acknowledged by both GRI and EFRAG – the body mandated to create the ESRS – **high interoperability has been achieved between the ESRS and the GRI Standards**, in relation to impact reporting. This follows significant collaboration on standard-setting activities between the two organizations. **Fifty thousand companies comprehensively disclosing their impacts through GRI-aligned reporting that is aligned with the GRI Standards will be a huge milestone for GRI in Europ**e.

For companies in the EU market, t**he CSRD increases the relevance of GRI reporting**. Most large companies, in the EU and elsewhere, already report with GRI, thus making it easy for those companies to also report using the ESRS. And given GRI and EFRAG's continued collaboration, **GRI reporters can be assured they will be best prepared to meet future reporting rules**, as further EU standards are developed. Where the ESRS does not cover a topic or sector, companies can use the appropriate GRI Standard to meet ESRS reporting requirements.

2. How has alignment between the ESRS and the GRI Standards been achieved?

EFRAG and GRI have worked together to share technical expertise and co-construct the first set of ESRS. Definitions, concepts and disclosures in the ESRS are aligned as much as possible with those already used in the GRI Standards.

EFRAG has adopted the same definition for impact materiality as GRI and leveraged GRI's expertise in creating the ESRS. At the outset, the European Commission required EFRAG to build the European standards to the "greatest extent possible" on existing reporting standards. In response GRI and EFRAG signed a first Memorandum of Understanding in 2021, under which **both parties collaborated on developing the ESRS**, which included joining each other's technical expert groups and aligning standard-setting activities.

GRI reporters benefit from the interoperability with the ESRS. Other reporters disclosing under the ESRS and producing a GRI content index will be considered as reporting 'with reference' to the GRI Standards, increasing the global relevance and usage of their report.

3. What resources are available to help organizations utilize current GRI reporting to meet the new ESRS requirements?

Interoperability and mapping tools have been published to assist GRI reporters in preparing for a first ESRS report. A GRI Academy course is already available to explain the CSRD and associated disclosure requirements, while a new linkage reporting service has been launched.

Joint interoperability Index and data point mapping have been published, which show how the two sets of standards relate. This confirms the high degree of harmonization achieved in relation to impact reporting.

Training on the ESRS is available through the GRI Academy which includes the courses *Introduction to the CSRD and Reporting with the ESRS* and *Unlocking the ESRS for GRI Reporters*.

A **new GRI-ESRS Linkage Service** launched in June, to provide advice and feedback to companies on how to align sustainability reports based on the GRI Standards with the ESRS requirements.

Launched in May by GRI, CSRD Rapporteur and MEP Pascal Durand, and the Lefebvre – Sarrut Group, the ***CSRD Essentials*** **briefing series** covers key topics on implementation of the new EU directive.

4. What additional support can be expected soon?

GRI and EFRAG are continuing to collaborate, with a key focus on delivering education and training for report preparers and other users. This will include further courses as well as XBRL digital reporting taxonomies.

The second GRI-EFRAG MoU has a **key focus on training and capacity building**. Adding to existing training on the GRI Academy, a new series of courses – which together will form an ESRS Professional Certification Program – are being made available throughout the second half of 2024.

GRI and EFRAG are also **collaborating in the development of XBRL digital taxonomies** for their respective standards. GRI is committed to providing a digital correspondence table that will link data points between both standards, to support companies to file their reports and leverage the data collection already in place for their GRI based report.

5. How will continued alignment between the GRI Standards and the ESRS be secured?

GRI and EFRAG are deepening engagement on standards development, including standards on sectors and for companies outside the EU. New workstreams will deliver practical resources for companies and information users.

The MoU **substantiates the benefits of the alignment already** achieved between the ESRS and the GRI Standards and commits both organizations to continue working together to support reporting companies.

The EU endeavors to develop at least eight sectoral standards by June 2026 – which will **build on GRI's Sector Standards**. GRI and EFRAG will also collaborate on **standards for non-EU companies** in the scope of CSRD. The delivery of sector-specific standards depends on support of the EU Member States and the newly-elected MEPs.

6. How does alignment between the GRI Standards and the ESRS contribute towards a well-functioning global reporting system?

The EFRAG collaboration is an important part of GRI's wider engagement with standard setters and regulators around the world, to drive global momentum behind impact reporting that is underpinned by the GRI Standards.

The close cooperation between GRI and EFRAG on sustainability reporting in the EU is an important example of how **GRI actively engages with standard setters around the world**, to ensure reporting on impacts that meets multistakeholder needs.

At national, regional and international levels**, GRI has a growing and evolving role as a trusted partner for regulators and capital markets**, with GRI reporting underpinning other disclosure requirements. Over 260 policies in 85 countries or regions reference or require the use of the GRI Standards, while some 14,000 organizations around the world are GRI reporters.

7. How are perceptions over double reporting and excessive reporting burden being addressed?

Interoperability between GRI and the ESRS prevents the need for double reporting and supports a user-friendly reporting system. Companies can leverage their existing GRI reporting processes and practices to meet and complement requirements under the CSRD.

The widely used **GRI Standards form a bridge to reporting requirements in jurisdictions around the world**. Thanks to alignment with GRI, for many regionally set standards – such as the ESRS – companies only have to **collect**

data once based on the GRI Standards and use it for multiple disclosure needs.

The **CSRD mandate is to avoid a disproportionate reporting burden** and take account of existing global sustainability reporting standards. The alignment of the ESRS with the GRI Standards is the direct result of that mandate. The work to create aligned digital taxonomies will further streamline GRI and ESRS reporting effort.

8. What are the main differences between the GRI Standards and the ESRS?

GRI has 40 Standards – Universal, Topic and Sector – on the full sustainability spectrum, whereas the ESRS so far has two general and 10 topic standards. While the GRI Standards and ESRS both focus on the impacts of a company's activities on the world, the ESRS also encompasses how sustainability topics relate to the financial health of a company.

As confirmed in EFRAG's implementation guidance, **a materiality assessment using the GRI Universal Standards is an excellent basis for assessing of impacts under the ESRS**. The new work on sector standards will further reinforce alignment between GRI and ESRS reporting.

The ESRS requires companies to report on *all* their material impacts, risks and opportunities. In cases where topics or impacts aren't covered in full by the ESRS (for example, tax or sector-specific standards), **companies can use the appropriate GRI Standard to fill any gaps** and comply with EU requirements.

9. How does the ESRS relate to GRI engagement with the International Sustainability Standards Board (ISSB)?

Alongside GRI's work with EFRAG on EU standards, we continue to engage with the ISSB on the new IFRS Sustainability Disclosure Standards. This collaboration reflects a shared recognition of the benefits to all stakeholders of a core set of common disclosures and terminology, to equally address impacts as well as financial risks and opportunities.

Since 2022, GRI and the IFRS Foundation have been working together under the shared understanding of the **equal importance of reporting on the impacts of a company on the world (GRI Standards) and impact of the world on the company (ISSB Standards)**. A deepening of the collaboration, announced in May 2024, seeks to ensure a **seamless, global and comprehensive sustainability reporting system**, in response to the needs of both investors and other stakeholders.

An important consideration is for this system to be complemented, as needed, by jurisdictional reporting requirements – reflecting the regional and local context, legal frameworks and ambitions. The ESRS are a good example of how this can be effectively achieved.

10. How do the different approaches to materiality used in the ESRS, GRI Standards and ISSB standards fit together?

The CSRD has embraced a *double materiality* perspective, requiring companies to report not only on risks and opportunities for the business but also on their impacts on the wider world. The GRI Standards address *impact materiality* on all sustainability issues to meet the needs of all stakeholders, while the IFRS Sustainability Disclosure Standards focus on *financially material* information for investors.

The CSRD explicitly allows for the **recognition of equivalent reporting standards set by other jurisdictions**. Therefore, the European Commission could acknowledge compliance to the EU rules through the use of equivalent standards – such as those set by GRI and the ISSB. If such standards are mandated at a local level, companies would be able to use a combination of GRI and ISSB based reports to meet the CSRD requirements. This could prove beneficial for numerous companies and groups affected by the CSRD's extraterritorial reach.

11. My organization is not based in the EU. Does the CSRD affect me, and if so, how will reporting with the GRI Standards help?

The CSRD will be extended from 2028 to include large companies outside the EU with EU operations or subsidiaries. Companies already reporting with the GRI Standards will be best positioned to comply with ESRS requirements.

The CSRD disclosure requirements apply to an estimated 42,500 companies in the EU, which are defined as exceeding two of the following criteria: €50 million in net turnover; €25 million on the balance sheet; and 250 or more employees. All companies listed on European stock exchanges, with exception of micro-firms, are also in scope.

From 2028, the CSRD will also apply to non-EU companies with a turnover above €150 million in the EU and an EU branch office with a turnover of at least €40 million, or a large or listed EU subsidiary. These companies will only have to supply impact-related information, for which a special standard will be developed. **GRI is advocating for the acceptance of equivalences between the EU reporting regime and that of jurisdictions that have mandated GRI standards**.

Given EFRAG's commitment to align the ESRS as closely as possible with the GRI Standards, **companies around the world that already reports with GRI will be best positioned to be ready for future CSRD compliance**.

12. What does the CSRD mean for the assurance of sustainability reporting data?

The CSRD introduces mandatory limited assurance with increased requirements to come later. GRI is a strong advocate for assurance, as this builds trust in sustainability reporting, addresses perceptions of greenwashing and enhances usability of the data.

Under the CSRD, the European Commission has introduced **a mandatory requirement for 'limited assurance' of sustainability reporting**, which is now in effect. They also intend to move to 'reasonable assurance' requirements from 2028.

GRI reporting is subject to external assurance more often than that of any other sustainability reporting framework (according to a recent study by the IFAC). This offers further confirmation that reporting data using the GRI Standards will support companies in meeting their ESRS disclosure needs.

13. When will the CSRD and use of the ESRS apply to my organization?

- **2024:** Large listed public-interest entities with more than 500 employees included under the previous Non-Financial Reporting Directive (NFRD) rules
- **2025:** Other large EU companies now covered under the CSRD
- **2026:** Listed SMEs *(two year 'opt-out' period until 2028)*
- **2028:** Non-EU companies with branches or subsidiaries in the EU and a net turnover of more than €150 million on the EU market