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GRI 12: Coal Sector 2022

Frequently Asked Questions (FAQs)

GRI 12: Coal Sector 2022 is a reporting Standard directed at organizations with activities in the coal sector. Sector Standards have been introduced to the GRI Standards as part of the revised Universal Standards 2021.

FAQs on the the Universal Standards 2021, the updated system of GRI Standards, and how to use Sector Standards are available [here](#).

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What was the process to develop GRI 12?

The development process of *GRI 12: Coal Sector 2022* was overseen by the [Global Sustainability Standards Board \(GSSB\)](#), GRI's independent standard setting body, following the [Due Process Protocol](#).

The Standard was developed in the public interest through a transparent and inclusive process. A multi-stakeholder working group developed the content with expertise in the coal sector, with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

Between May and July 2021, an exposure draft of the Standard was made available for public comment. Around 30 submissions were received from organizations across business, investment institutions, civil society, labor, and mediating institutions. For more information about the development process of *GRI 12*, please visit the [project page](#).

If I am still using the Universal Standards 2016, am I required to use GRI 12?

The GRI Sector Standards are an addition to the updated system of GRI Standards. This means that the requirement to use the Sector Standards is only included in the Universal Standards 2021 (released in 2021). Reporters using Universal Standards 2016 are not required to use *GRI 12*, however it may be useful for the organization when determining its material topics and what to report on those topics

An organization reporting in accordance with the GRI Standards is required to list in the GRI content index all the disclosures it has reported. In the case the organization does report additional sector disclosures from *GRI 12*, these are to be listed in the GRI content index.

When will GRI 12 come into effect?

The effective date for *GRI 12: Coal Sector 2022* is 1 January 2024, which means its usage is required by coal companies from that date onwards. This effective date allows sufficient time for coal organizations to incorporate *GRI 12* into their materiality considerations and start collecting data for any topics and/or disclosures they may not be reporting on yet.

To what organizations does GRI 12 apply?

GRI 12: Coal Sector 2022 applies to organizations involved in exploration, mining, and processing of thermal and metallurgical coal. It also includes organizations that supply equipment and services to coal mines as well as transportation and storage of coal.

Different Standards will cover related sectors, such as manufacturing of steel and cement, and energy utilities.

The full description of the scope of the sector covered by this Standard can be found on page 5 of *GRI 12*.

As a coal organization, do I need to use any GRI Standards other than GRI 12?

The GRI Standards are structured as a system of interrelated standards organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards.

A coal organization reporting in accordance with the GRI Standards will use all three series in their reporting.

The Universal Standards 2021 apply to all organizations and comprise three Standards: *GRI 1: Foundation 2021*, *GRI 2: General Disclosures 2021*, and *GRI 3: Material Topics 2021*. The Universal Standards guide reporters on how to report with the GRI Standards, and contain disclosure requirements and reporting principles that all organizations must comply with to report in accordance with the GRI Standards.

GRI 12: Coal Sector 2022 outlines the topics that are likely to be material for coal organizations and lists disclosures relevant to these topics. The disclosures come from the GRI Topic Standards, and can be supplemented with additional disclosures from other sources.

When a disclosure from a Topic Standard is listed, the organization needs to consult the relevant Topic Standard for the content of the disclosure, including requirements, recommendations, and guidance.

Diversified mining companies with coal in their portfolios are expected to use two Sector Standards to determine their material topics and reporting disclosures, *GRI 12* and the Sector Standard for mining (expected to be released in 2023).

Why was coal separated from oil and gas when initially they were part of the same project?

In 2019, a multi-stakeholder working group was established to develop a Sector Standard for oil, gas, and coal, as they share key characteristics as producers of energy. These commodities were also found to have shared impacts on sustainable development on areas such as climate change, communities, financial transparency, and the environment.

The Global Sustainability Standards Board (GSSB) received a number of stakeholder submissions from the oil and gas sector raising concerns about addressing oil, gas, and coal in one GRI Sector Standard. The majority of working group members and input collected through external engagements confirmed that due to differences in sources of impact, low-carbon transition paths, and organizations undertaking the activities, addressing oil and gas, and coal in separate Standards would be favorable. Therefore, the GSSB decided to separate the coal contents from the oil and gas contents. A separate Sector Standard for oil and gas, [*GRI 11: Oil and Gas Sector 2021*](#), was launched in 2021.

Why did GRI develop a Standard for coal?

Even in the most ambitious scenario as forecasted by the International Energy Agency (IEA) – aiming for net zero by 2050 – coal will still be mined well until the 2040s. The largest producers, including India and China, have made public ambitions to reach net-zero only by 2060s or 2070s and the use of coal in power and electricity production is expected to continue to steadily fall. But even so, coal is likely to still be used as a raw material for other industries, such as steel and cement.

Coal mining has significant impacts on the environment and people beyond climate change, and more transparency and accountability is needed over these impacts. While the transition to a low-carbon economy will lead to an accelerating pace of coal mine closures, this will have significant impacts on workers via decreased employment opportunities and diminished income for local communities reliant on coal. How this transition is managed is a further consideration requiring public scrutiny.

Finally, the Standard also includes forward-looking disclosures on coal organizations' plans and actions to align their business models with the low-carbon transition, including setting targets to reduce GHG emissions; closing operations or divesting from assets; and investing in new technologies to remove carbon from the atmosphere. This information is essential for governments, investors, and other stakeholders in order to meaningfully engage with coal organizations and make informed decisions.

Does GRI 12 align with other relevant instruments and guidance for the Coal sector?

GRI 12: Coal Sector 2022 describes topics identified as likely material for organizations in the coal sector, based on the sector's significant impacts on the economy, environment, and people. These impacts have been identified based on available evidence, authoritative international instruments, and expert and stakeholder input.

This means that authoritative instruments that shape the expectations of the responsible business conduct of the coal sector also shape the content of *GRI 12*. For example, expectations related to climate change have been established by the *Paris Agreement*; the right to free, prior, and informed consent recognized in the *United Nations Declaration on the Rights of Indigenous Peoples*; expectations on the use and management of security personnel established by the *Voluntary Principles on Security and Human Rights*; and reporting on tailings facility integrity is based on the *Global Industry Standard on Tailings Management*.

Similarly, this principle extends to transparency related initiatives that are of key relevance to the sector, such as the *Task Force on Climate-related Financial Disclosures* and the *Extractives Industry Transparency Initiative*. Where appropriate, disclosures that do not come from the GRI Topic Standards are based on these established external instruments and frameworks. In some cases, to relevant external instruments and frameworks are directly referenced for additional guidance.

What's the difference between GRI 12 and SASB's Coal Operations Industry Standard?

The GRI Standards and SASB Standards are complementary because of the approaches they take to materiality. The likely material topics listed in *GRI 12: Coal Sector 2022* are based on the significant impacts the coal sector has on the economy, the environment, and people, including their human rights. SASB's industry-specific standards identify the sustainability-related risks and opportunities most likely to affect a company's financial condition, operating performance, or risk profile.

Because of these different perspectives, *GRI 12* identifies different disclosures than SASB's corresponding standards. For example, while SASB identifies reporting on direct (Scope 1) GHG emissions as relevant for coal operations, *GRI 12* also lists indirect (Scope 2) and other indirect (Scope 3) GHG emissions as relevant for the reporting by the coal sector.

SASB's coal standard was a valuable input into the development of *GRI 12*, and a SASB representative participated as a member of the working group. Coal organizations can use both standards simultaneously to report their sustainability impacts.

GRI and SASB published joint guidance, [A Practical Guide to Sustainability Reporting Using GRI and SASB Standards](#), which further explores experiences of companies that use the two sets of standards together to fulfil their reporting needs.

Why is there an emphasis on climate change and low-carbon transition in GRI 12?

The role of coal in causing climate change is well understood and scientifically proven. Leading bodies such as the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) call for a rapid end to coal use to maintain a narrow possibility to halt global warming to 1.5°C.¹ Furthermore, close to 200 countries have committed to phase down coal use in power generation in COP26. The focus on climate change and transition in *GRI 12* is considered reflective of the current environment and critical for reporting organizations and information users.

Transition planning has emerged as an expectation for organizations in GHG emissions-intensive sectors, including coal. *GRI 12* includes an additional sector disclosure to report on the existence of a transition plan and whether it is a scheduled resolution item at Annual General Meetings. Other disclosures aim to extract information over the resilience of business models, including disclosure over investments and divestments, reserves, goals and targets to reduce GHG emissions, and scenarios used to assess climate risks and opportunities. Both thermal and metallurgical coal producers are expected to report information on climate and transition.

¹ Intergovernmental Panel on Climate Change (IPCC), *Climate Change 2021: The Physical Science Basis*, 2021; International Energy Agency (IEA), *Phasing out unabated coal*, 2021.

However, the Standard acknowledges that the low-carbon transition has different timelines in different parts of the world due to individual dependencies and national circumstances related to the low-carbon transition – with many developing countries continuing to use coal longer than developed countries. The Standard allows organizations to disclose information that is considered as the most essential for their business and stakeholders.

What is meant by just transition and why do coal companies need to report on that?

GRI 12 draws on the definition of the term as used in the Paris Agreement and by the International Labor Organization (ILO), which aims to consider environmental, social, and economic angles and to find solutions that benefit workers and communities alike, leaving no one behind. This is seen as a shared responsibility with governments, employers, employees, and communities. Just transition aspects are integrated into relevant topics in *GRI 12*, including 12.3 Closure and rehabilitation, 12.8 Economic impacts, and 12.15 Employment practices.

Why does GRI 12 include reporting on Scope 3 emissions even though the use of coal is often by other sectors?

GRI 3: Material Topics 2021 clarifies that an organization should consider actual and potential negative impacts that it causes or contributes to through its activities, as well as those directly linked to its operations, products, or services by its business relationships.

While customers of coal organizations use much of the coal extracted to produce energy and materials, there is also a firmly established stakeholder expectation that organizations extracting and producing coal take action to reduce emissions from the use of their products and to disclose the related GHG emissions (Scope 3 GHG emissions).

Scope 3 emissions from the coal sector represent the single largest source of global CO₂ emissions. Disclosure 305-3 Other indirect (Scope 3) GHG emissions contains guidance on disclosing Scope 3 emissions and links to further resources, as do the resources listed in *GRI 12*.

Why should coal companies report on assets that they have divested from?

Organizations divesting their coal assets to reduce the GHG emissions intensity of their product portfolios is an important emerging issue. This practice can be detrimental to broader climate change mitigation efforts: shifting coal mining operations to another entity does not decrease global emissions, and can even drive increases. Responsible closure and a just transition can also be compromised if the responsibility of eventual closure is transferred to a less experienced operator.

Many diversified mining organizations in particular, are divesting away from coal but have an ongoing responsibility to solve the problem they historically contributors to.²

While the reporting organization does not cause negative impacts that arise from actions of the new operator, the organization may be considered as contributing or being directly linked to those impacts with the responsibility to take due diligence steps, including exercising leverage over the buyer to prevent or mitigate the impacts it is causing or contributing to.

Why are there public policy and lobbying disclosures outside of the likely material topic 12.22 Public policy?

Public policy has been identified as a likely material topic for the coal sector (topic 12.22), which includes reporting on general public policy and lobbying activities. Topic 12.2 Climate adaptation, resilience, and transition also incorporates disclosures that deal with public policy advocacy and lobbying, but with a focus on policy development on climate change. In addition, *GRI 2* lists Disclosure 2-28 Membership associations to extract information about an organization's affiliations with industry or other associations.

The disclosures included in the two likely material topics in *GRI 12* aim to reveal differences between an organization's public policy advocacy and its stated policies, goals or other public positions, or example, when an organization has publicly committed to reducing their GHG emissions aligned with a low-carbon transition while lobbying against more ambitious climate policies. These differences can occur via an organization's individual public advocacy initiatives or via the support they provide for other associations, for example, by participating in specific projects or committees (on an organizational or individual executive level), or by providing funding to the association.

Should a company determine both topics 12.2 and 12.22 as material and report information that applies to both topics, this information does not have to be repeated. The organization can report this information once, with a clear explanation of all the topics it covers.

Is GRI 12 available in other languages?

The authoritative text of the GRI Standards is English, but GRI will release authorized translations of *GRI 12: Coal Sector 2022* in key languages at the end of 2022. Please consult the [GRI Translations page](#) or contact translations@globalreporting.org for more information on the upcoming translation schedule.

² UN Human Rights, *A Safe Climate*, 2019.