



GRI and the European Sustainability Reporting Standards (ESRS)

Q&A

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1. What does the ESRS and the Corporate Sustainability Reporting Directive (CSRD) mean for the relevance of the GRI Standards in Europe?

As confirmed by EFRAG, the ESRS are, as much as possible, fully aligned with the GRI Standards. This sends a clear signal to established GRI reporters that they are well prepared for the ESRS, and can leverage their existing reporting processes.

For companies operating in the EU marketplace, the CSRD reinforces and increases the relevance of the GRI Standards. Most larger companies, in the EU and elsewhere, already report with GRI and will be reassured that their current GRI-based reporting practices should best prepare them for the ESRS. The topics and requirements in the ESRS will be expanded over time; using the GRI Standards means companies can be ready to comply with future requirements.

The ESRS will require companies to report on *all* their material impacts, risks or opportunities. In cases where topics or impacts aren't covered in full by the ESRS, utilizing GRI reporting will enable businesses to fill the gap in order to comply with disclosure requirements.

2. Will the ESRS result in 'double reporting' requirements for companies (using the ESRS in Europe, and GRI for their global operations)?

Companies that already report with GRI can use their existing reporting processes and practices to integrate the new ESRS requirements. Ensuring alignment between the ESRS and GRI Standards will help achieve global comparability and limits additional or duplicated reporting requirements.

The long-standing position of the European Commission is that they do not wish to 'reinvent the wheel', and instead, build on existing and established standards. This has been reflected by the close alignment achieved with the GRI Standards in the initial drafts of the ESRS.

3. Only some of the ESRS have published in draft form. How is GRI engaging in their development, to ensure alignment with the GRI Standards?

The first set of ESRS published in late October while work on the second set, which includes 10 sector standards and standards for SMEs, is underway. GRI has agreed to continue to jointly work with EFRAG on the development of these remaining standards, leveraging our knowledge and content to ensure optimal alignment between GRI and the new ESRS standards.

We will also collaborate with EFRAG to deliver technical guidance on how companies can use current GRI based reporting to meet the ESRS needs.

4. How can I map my sustainability reporting with the GRI Standards to the new requirements under the CSRD? What resources or support will be available?

GRI will provide guidance to GRI reporters on how to use their GRI reporting practices and processes to also meet the ESRS requirements. This guidance will include a detailed mapping of the disclosures from both sets of standards, and will be published around the time the European Commission releases their final standards.

It is encouraging that EFRAG also intends to publish a detailed description of how each ESRS has taken into consideration the corresponding disclosures in the GRI Standards, in the *Basis for Conclusions* that are expected to publish very soon. Combined with technical guidance to be produced by GRI, this should provide the clarity sought by reporting organizations.

5. Are there gaps and differences between reporting with the ESRS and GRI Standards? How is this being addressed?

Since the initial phases, GRI has actively engaged in the development of the ESRS, including [collaboration with EFRAG](#), their Sustainability Reporting Board and Technical Expert Group. At all stages our focus has been to ensure optimal interoperability between the GRI Standards and ESRS – minimizing reporting burden and challenge for companies.

In June 2022, GRI provided detailed [technical mapping feedback](#), putting forward improvements to deepen integration with our established reporting processes and practices, enhance quality and usability, and reduce reporting burden. We are pleased that our comprehensive input has shaped the further development of the ESRS.

Of course, there will still be some differences between GRI's impact-focused global standards and the double materiality focused EU standards as prescribed by the CSRD. As EFRAG has stated, where possible, the ESRS are fully aligned with GRI. If, due to the content of the CSRD mandate, this can't be achieved, then they are as closely aligned with GRI as possible.

We have committed to work with the EFRAG to provide technical guidance on how current reporters can use their GRI-based reporting practices and processes to comply with the ESRS.

6. With new requirements, from the EU and elsewhere, I'm concerned about increased reporting burden. What is GRI doing to avoid this and simplify things for reporters and information users?

From the outset the European Commission has been very clear about its objective to build on existing standards. This approach ensures global comparability and limits additional reporting burden for companies – and is a key driver for GRI's active engagement in the development of the ESRS.

This thinking also underpins our [MoU with the IFRS Foundation](#) (in relation to their International Sustainability Standards Board (ISSB)). GRI and the IFRS Foundation share

a common objective, which is to use the power of information and transparency to support the achievement of sustainable outcomes. This collaboration recognizes the benefits to all stakeholders and information users, including investors and reporting organisations, of agreeing a core set of common disclosures and terminology – whether focussed on assessing external impacts or how sustainability topics impact an organisation, or both.

As a result of GRI's collaborations with EFRAG and the IFRS Foundation, the reporting burden for organisations will be significantly reduced, and availability of credible and comparable data will improve access to sustainable finance.

7. How does the ESRS fit with GRI's collaboration work with the IFRS Foundation and their International Sustainability Standards Board (ISSB)?

As explained above, we have been working with the IFRS Foundation to develop a global comprehensive reporting system, which equally addresses the impacts of a company on the world (GRI) and the impact of the world on the company (ISSB). Together, the IFRS and GRI standards will offer a complete and robust suite of sustainability disclosure standards to assess a company's behaviour, strategy, enterprise value and impacts.

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

8. There are many questions about 'materiality' – double materiality with the ESRS, impact materiality through GRI, financial materiality with ISSB. How does this all fit together?

To provide the full picture, a company should report both how it impacts the world it operates in (using GRI Standards) and how sustainability topics affect the organisation (using IFRS Sustainability Disclosure Standards). Taken together and in the context of the CSRD, this is referred to as double materiality.

The GRI and ISSB standards reflect two material perspectives:

- **Impact reporting** - publicly disclosing to a wide range of stakeholders an organization's most significant impacts on the economy, environment, and people, and how the organization manages these impacts through the GRI Standards.
- **Sustainability-related financial reporting** - publicly disclosing sustainability-related financial information that meets the needs of investors and capital markets, to assess the financial implications of sustainability topics on an organization; including the implications of its impacts on the economy, environment, and society, through a combination of IFRS Accounting and Sustainability Disclosure Standards.

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

The disclosure requirements under the CSRD will apply to an estimated 50,000 companies, from January 2024. All large companies governed by the law of or established in an EU member state, and all European stock exchange-listed companies (except micro-companies), as well as SMEs, are within the scope. Companies not in the EU but have securities on EU-regulated markets are also in scope.

A large company is defined as meeting two of the following criteria:

- €40 million in net turnover
- €20 million on the balance sheet
- 250 or more employees

From January 2028, the CSRD will also apply to non-EU undertakings that generate a net turnover of over €150,000,000 in the EU and have an EU branch office with a net turnover of at least €40 million in the EU, or a large or listed EU subsidiary. However, 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 GRI as equivalent to the use of these new standards.

Given the commitment by EFRAG to align the ESRS as closely as possible with the GRI Standards, any company around the world that already reports with GRI can be reassured that they will be best positioned to utilize existing reporting practices and processes to be ready for ESRS needs.

10. When will the CSRD apply to my organization?

Reporting year	Pulication	Who
2024	2025	Large and listed companies falling under NFRD
2025	2026	Large and listed companies NOT falling under NFRD
2026	2027	Listed SMEs (published over 2025) - 2 year grace period!
2028	2029	Non- EU companies with branches/subsidiaries
October 2026		Limited assurance Standard
October 2028		Reasonable assurance standard