

General introduction to the GRI Sustainability Taxonomy

Supporting documentation for the public consultation on the [draft] GRI Sustainability Taxonomy for sustainability specialists

Purpose of this document

This purpose of this document is to provide an introduction to work the Global Reporting Initiative (GRI) is undertaking to develop a digital taxonomy based on the GRI Standards (hereafter 'GRI Sustainability Taxonomy', '[draft] GRI Sustainability Taxonomy' or 'taxonomy').

This information forms a contextual basis for general users of the GRI Standards and other interested parties who are not specialists in digital reporting formats such as XBRL to review and provide comment on the [draft] GRI Sustainability Taxonomy, as part of a public consultation on GRI's work to digitize the GRI Standards. The public consultation will take place between 11 June 2024 and 11 August 2024 and feedback from it will be used to finalize the first version of the GRI Sustainability Taxonomy.

Responses to the consultation can be provided using a survey posted on the GRI Sustainability Taxonomy consultation webpages. If you have any questions about the public consultation please contact the GRI Digital Reporting team via: DigitalReporting@GlobalReporting.org.

Content Index

- 1. Introducing the GRI Standards 4
 - 1.1 GRI and its mission 4
 - 1.2 The GRI Standards and its main features 4
 - 1.3 Impact and financial sustainability disclosures 6
 - 1.4 Relationship with other standards setters 7
- 2. Digitizing the GRI Standards 8
 - 2.1 What is digital reporting? 8
 - 2.2 Why is GRI developing a digital taxonomy? 8
 - 2.3 What is XBRL? 9
 - 2.4 What will GRI deliver through this work? 10
 - 2.5 How will reporters file digital reports with GRI? 11
- 3. GRI’s approach to developing its taxonomy 13
 - 3.1 Scope and overall goals 13
 - 3.2 Identifying and characterizing data points 13
 - 3.3 Implementing reporting of material topics, omissions, and Sector Standards 17
 - 3.4 Validation checks for filing XBRL reports 19
- 4. Future development of the GRI Sustainability Taxonomy 24
 - Appendix A: Identifying data points in the GRI Sustainability Taxonomy – further examples 26
 - Appendix B: Examples of data quality checks 30

1. Introducing the GRI Standards

1.1 GRI and its mission

Established in 1997, GRI (Global Reporting Initiative) is an independent, international not for profit organization that helps businesses and other organizations take responsibility for their impacts by providing them with the global common language to communicate those impacts – the GRI Standards, which are provided as a free public good for use by reporting organizations.

GRI envisions a sustainable future enabled by transparency and open dialogue about impacts. This is a future in which reporting on impacts is common practice by all organizations around the world. By better understanding, managing and disclosing their impacts, organizations can unlock benefits that inform decisions, reduce risks, improve business opportunities and strengthen stakeholder relationships, and enables organizations to demonstrate their contributions towards sustainable development.

GRI works with its partners, businesses, investors, policymakers, civil society, labor organizations and other experts to develop the GRI Standards and promote their use around the world. They are the first and only global reporting standards to fully reflect the due diligence expectations for sustainability impacts - including on human rights, as set out in intergovernmental instruments by the UN and OECD.

The GRI Standards have been developed by the Global Sustainability Standards Board (GSSB) through a rigorous, independent, multi-stakeholder, transparent process, in the public interest, that ensures reporting requirements reflect and align with the requirements of authoritative intergovernmental instruments

Today, more than 14,000 organizations around the world use GRI for their sustainability reporting. It is estimated that 78% of the world's biggest 250 companies by revenue have adopted the GRI Standards for sustainability reporting, and the GRI Standards are referenced in over 289 policies from 102 countries worldwide.

1.2 The GRI Standards and its main features

The GRI Standards are a modular system of interconnected standards organized into three series: the GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards, see Figure 1.1.

The Universal Standards are used by all organizations when reporting in accordance with the GRI Standards. Organizations use the Sector Standards according to the sectors in which they operate, and the Topic Standards according to their list of material topics. Further information about each of these series of the GRI Standards is included below:

- **Universal Standards**

The Universal Standards are composed of three Standards: GRI 1, GRI 2 and GRI 3. The purpose and content of these Standards are set out below:

GRI 1: Foundation 2021 introduces the purpose and system of GRI Standards and explains key concepts for sustainability reporting. It also specifies the requirements and reporting principles that the organization must comply with to report in accordance with the GRI Standards.

GRI 2: General Disclosures 2021 contains disclosures that the organization uses to provide information about its reporting practices and other organizational details, such as its activities,

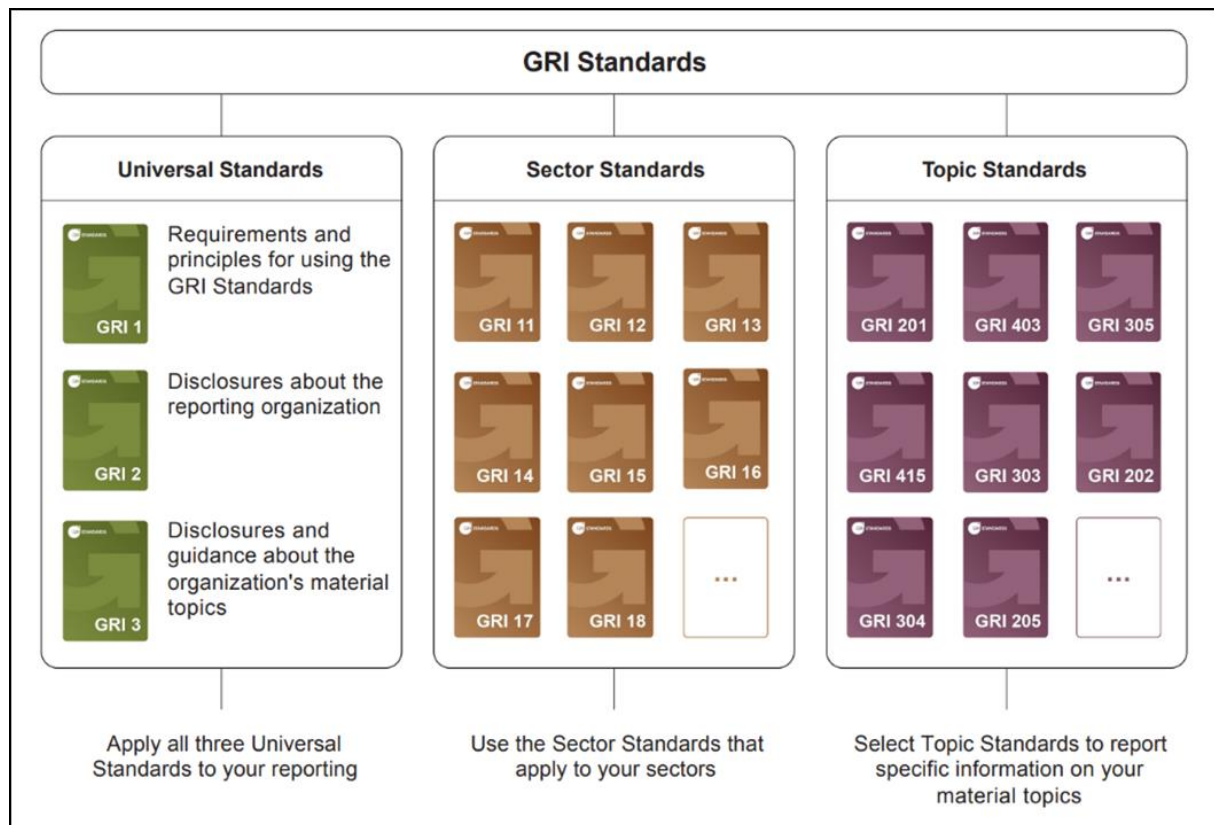


Figure 1.1: The modular structure of the GRI Standards

governance, and policies. This information gives insight into the profile and scale of the organization and provides a context for understanding the organization's impacts.

GRI 3: Material Topics 2021 provides step-by-step guidance on how to determine material topics (i.e. topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights). GRI 3 also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

- **Sector Standards**

The Sector Standards provide information for organizations about their likely material topics. An organization uses the Sector Standards that apply to its sectors to help determine its material topics and what information to report for the material topics. The Sector Standards increase the quality, completeness, and consistency of reporting by organizations within sectors.

The GRI Standards currently contain four Sector Standards: GRI 11: Oil and Gas Sector 2021, GRI 12: Coal Sector 2022, GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 and GRI 14: Mining Sector 2024.

- **Topic Standards**

The Topic Standards contain disclosures for the organization to report information about its impacts in relation to particular topics. The Topic Standards cover a wide range of topics. The organization uses the Topic Standards according to the list of material topics it has determined using GRI 3.

The GRI Standards currently contain 33 Topic Standards.

Organizations can choose to either report 'in accordance' or 'with reference' to the GRI Standards. When organizations reporting in accordance, they provide a comprehensive picture of their most significant impacts on the economy, environment, and people, including impacts on their human rights,

and how they manage these impacts. Organizations report with reference when they cannot comply with all the requirements for reporting in accordance with the GRI Standards or when they use selected GRI Standards, or parts of their content, to report information about specific topics for specific purposes.

The requirements that have to be met for an organization to claim it is reporting in accordance with, or with reference to, the GRI Standards are set out in GRI 1: Foundation 2021, Section 3. Reporting in accordance with the GRI Standards.

1.3 Impact and financial sustainability disclosures

The GRI Standards enable organizations to report information about the most significant impacts of their activities and business relationships on the economy, environment, and people, including impacts on their human rights. These impacts are identified and reported using GRI 3: Material Topics 2021. The reported impacts are important to sustainable development and to an organization's stakeholders, such as investors, workers, customers, or local communities. This perspective is also referred to as 'impact materiality'. It has been adopted in the European Sustainability Reporting Standards (ESRS) as one of the two dimensions an undertaking needs to report on and is expected to see more widespread adoption in regulatory approaches around the world.

The most significant impacts of an organization can also affect the availability, quality, and affordability of the resources and relationships it depends on. Thus, an organization's impacts can result in risks and opportunities for the organization. In this context, 'risks and opportunities' is used to refer to the negative and positive effects on an organization's prospects (e.g., financial risk, market risk, operational risk, reputational risk); it does not refer to the likelihood of a negative or positive impact (e.g., risk to society, risk to the environment).

The risks and opportunities that arise from an organization's impacts can affect the organization's business model or strategy and, consequently, its cash flows, access to finance, or cost of capital over the short, medium, or long term. For example, an organization's high use of non-renewable energy contributes to climate change and could, at the same time, result in increased operating costs due to legislation that seeks to shift energy use toward renewable sources. Or, an organization's track record of respecting human rights and promoting gender equality at work helps attract skilled workers, increasing the organization's reputation and thus boosting customers' demand for its products and services.

An organization's impacts can thus give rise to sustainability-related risks and opportunities in the short, medium, or long term. Nearly all, if not all, of the most significant impacts of an organization, will eventually translate into risks and opportunities. Therefore, understanding these impacts is a necessary first step in identifying risks and opportunities that result from an organization's impacts.

An organization's dependencies on resources and relationships are also a source of risks and opportunities, independent of the organization's impacts on those resources and relationships. For example, when an organization's business model depends on water that is affected by the polluting activities of other organizations upstream in the river basin.

Information about the risks and opportunities that arise from an organization's most significant impacts and the organization's dependencies on resources and relationships are reported under the IFRS Sustainability Disclosure Standards. The material topics and related impacts determined with the GRI Standards provide crucial input for identifying the risks and opportunities that arise from an organization's impacts.

The IFRS Sustainability Disclosure Standards require disclosing material information about all sustainability-related risks and opportunities that could reasonably be expected to affect an organization's business model or strategy and consequently its cash flows, access to finance, or cost of capital over the short, medium, or long term. This includes the sustainability-related risks and opportunities arising from the impacts of the organization on the economy, environment, and people. Information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions of primary users of general purpose financial reports (that is, existing and potential investors, lenders, and other creditors).

The use of the GRI Standards and the IFRS Sustainability Disclosure Standards provides a comprehensive overview of an organization's sustainability-related impacts, risks, and opportunities. The perspectives these standards bring are relevant in their own right and complement each other.

The European Sustainability Reporting Standards have adopted 'financial materiality' as the second dimension an undertaking needs to report on. The combination of impact and financial materiality is referred to as 'double materiality' under the European Sustainability Reporting Standards.

An organization using the GRI Standards is required to report on its most significant impacts regardless of whether the organization identifies, or over which timeframe it identifies, that those impacts will lead to risks and opportunities for the organization. Therefore, it is important for the organization to report on all the material topics that it has determined using the GRI Standards. These material topics cannot be deprioritized on the basis that the organization identifies that they will not result in risks and opportunities for the organization or by applying materiality definitions of other reporting standards.

1.4 Relationship with other standards setters

In July 2021, GRI and the European Financial Reporting Advisory Group (EFRAG) signed a cooperation agreement whereby both organizations agreed to share technical expertise to co-construct new EU sustainability reporting standards and contribute to further global convergence. This collaboration also aimed to assist the European Commission in fulfilling its objective to increase corporate transparency in support of the European Green Deal.

In November 2023, crediting their close cooperation during the development of the draft ESRS, EFRAG and GRI acknowledged that they had achieved a high level of interoperability between their respective standards in relation to impact reporting. A [GRI-ESRS Interoperability Index](#) was made publicly available setting out how the disclosure requirements and datapoints in each set of standards relate to each other, emphasizing the high degree of commonality already achieved and laying a solid foundation on which to build a reciprocal digital taxonomy.

GRI and EFRAG have agreed to continue to working together on the development of sector standards and standards for SMEs, leveraging our knowledge and content to ensure optimal alignment between GRI and new ESRS standards. Both organizations have also agreed to collaborate on a detailed mapping of the common ESRS and GRI Standards datapoints in order to inform and align XBRL taxonomies through a digital correspondence table. The resulting interoperable XBRL taxonomies should enable the identification and simplified tagging of common datapoints.

The European Commission has been 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 approach also underpins GRI's Memorandum of Understanding with the IFRS Foundation, in relation to their International Sustainability Standards Board (ISSB). The collaboration with the IFRS Foundation seeks to provide a seamless, global and comprehensive sustainability reporting system for companies looking to meet the information needs of both investors and a broader range of stakeholders.

The increased collaboration will optimize how GRI and ISSB Standards can be used together to facilitate reporting on an organization's impacts, risks and opportunities, including risks that arise from the organization's impacts.

The ISSB and the GSSB have committed to jointly identify and align common disclosures that address information needs under the distinct scopes and purposes of their respective standards, for both thematic and sector-based standard setting. An initial outcome of the collaboration will involve a methodology pilot building on the recently published [GRI 101: Biodiversity Standard](#) and the ISSB's upcoming project on Biodiversity, Ecosystems and Ecosystem Services.

2. Digitizing the GRI Standards

2.1 What is digital reporting?

'Digital reporting', in the context of this public consultation, refers to the process of generating a sustainability report using a digital reporting format such as XBRL (see below). Digitizing the GRI Standards refers to the process of providing a version of the Standards that enables digital reporting. In the rest of this document, the digitized Standards will be referred to as the 'GRI Sustainability Taxonomy' or 'the taxonomy'.

Digital reporting formats allow for reported information to be structured and presented in a way that makes it accessible to computer programs ("machine readable"). This is in contrast to traditional reporting formats, such as .pdf and .doc reports, which are intended primarily to be read by a human audience ("human readable") and cannot easily be interrogated by automated programs.

The advantage of digital reporting formats is that they provide a consistent framework by which reported content can be assigned to consistently labelled and formatted data points, which are easy to access in an automated way, making this data easier to use and compare.

There are several ways in which an organization can develop a digitally formatted report, but reporting is often enabled by specialist software that allows data in a human readable version of a report to be 'tagged' to data points belonging to a specific reporting standard. This is referred to as 'inline' tagging.

The output of this process is a coded version of a report containing a list of data points that have been reported against and the values each of these take, also known as an 'instance document'.

Computer programs can be designed to read an organization's instance document in order to extract information related to specific topics of interest, or else read multiple instance reports from different organizations in order to compare, contrast, or analyze trends in reported information.

Accessing information from human readable reports is also becoming increasingly feasible using Artificial Intelligence, machine learning and deep learning algorithms, and by formatting reports in a way that make them accessible to analysis by these algorithms. While these approaches offer their own benefits to data collection, by using digital reporting formats reporting organizations retain more direct control of their reporting and the way in which their reported information is used.

Enabling digital reporting requires a standard setter such as GRI to specify the way in which information must be reported using a digital format. This is summarized in the form of a 'taxonomy', which sets out the full set of data points that can be used for reporting and captures the relationships between those data points. Over the past twelve months, GRI has been developing a taxonomy based on the GRI Standards and using XBRL, the first version of which it is being released for feedback during this public consultation.

2.2 Why is GRI developing a digital taxonomy?

This is not the first taxonomy GRI has released. In 2013 a taxonomy was developed based on the G4 version of the GRI Guidelines. At the time, however, reporting of sustainability impacts was in an earlier phase and organizations were not ready for digital reporting.

Today, however, the landscape has changed. With both the IFRS Sustainability Disclosure Standards and Corporate Sustainability Reporting Directive (CSRD) in the EU supporting reporting using XBRL, reporting organizations will increasingly need to produce their reports in digital format alongside traditional, human readable formats.

There is also an increasing need for consistent, robust sustainability data that digital reporting enables access to. Examples of the potential use of sustainability data include:

- allowing reporting organizations to compare themselves to their peers and competitors, as well as track performance against industry benchmarks for important sustainability metrics;

- supporting data-driven decision making by organizations, to improve sustainability strategies and provide the basis for more accurate identification of sustainability-related financial risks and opportunities;
- providing a richer set of evidence on which regulators can design, improve and effectively implement regional sustainability policies;
- enabling robust data to support assessments made by rankers and raters, and allowing investors to better identify companies that align with the sustainability requirements of their portfolios;
- supporting robust auditing of sustainability reports, and
- enabling academic and other research into sustainability topics and trends.

Access to robust data is also essential given the potential use of Generative AI (GenAI) to support the drafting of sustainability reports. While GenAI offers opportunities to reduce the burden of drafting, allowing reporters to focus on improving quality of disclosures instead, it is important that its application is based upon and supported by comprehensive, accurate and robust data.

The GRI Standards provide the ideal basis for developing this sustainability data because:

- The GRI Standards are already embedded in sustainability reporting practices, used by more than 14,000 organizations across different countries and sectors, many of whom have reported using GRI across several years. This provides a rich source of existing sustainability data that could, for example, be used for robust benchmarking.
- The GRI Topic Standards provide comprehensive coverage of sustainability topics, including impacts on the economy, environment, and people. This could be used, for example, to investigate correlations between and trends in performance against different topics.
- The GRI Standards are referenced or required by 289 policies in 102 countries worldwide, meaning that GRI reported information is of direct relevance to these policies.

By digitizing its Standards, therefore, GRI aims to unlock access to sustainability data in a way that benefits the reporting community.

Digitally formatted reports filed with GRI will also be subject to validation checks (see below), which will allow GRI to automatically check that reporters are adhering to certain requirements for reporting in accordance or with reference to the GRI Standards, including the use of omissions and application of Sector Standards. These checks will provide a tool to help drive improvements in the quality of reporting and recognize organizations who fulfil these requirements.

The GRI Sustainability Taxonomy will also provide a tool for regulators to define reporting requirements for new policies and regulations. This will help close the loop between the design of future policies, where these are based on the GRI Standards, and the implementation of reporting against these using digital formats.

Finally, having a global set of digital sustainability reporting standards offers the opportunity for GRI to help harmonize the reporting landscape even further by providing a bridge between different sets of regulations that include non-financial sustainability disclosures.

Just as GRI has committed, along with EFRAG, to maximize interoperability between the GRI and ESRS taxonomies, GRI also aims to map the correspondence of its taxonomy to ones that are released alongside future sustainability regulations, ensuring that these are as aligned as far as possible to reduce the reporting burden for organizations.

2.3 What is XBRL?

XBRL (eXtensible Business Reporting Language) is a global data standard which helps businesses to prepare, exchange, and publish business information. XBRL powers digital reporting and is currently used in 65 countries worldwide, in almost 220 diverse reporting implementations.

The XBRL specifications are developed and maintained by XBRL International, which is a global-not-for-profit member consortium, committed to improving reporting in the public interest, together with expert volunteers from all over the world.

As set out above, reports prepared in XBRL are fully digital, so they can be understood and analyzed by computer software. This makes analysis easier, faster, and more accurate, helping users draw meaningful comparisons about business performance. XBRL makes it easy to compare information in multiple languages, enables real-time business intelligence and analytics across many thousands of reports, enhances validations and provides high-quality input for AI models.

XBRL can also connect companies directly with data users, providing verified information for precise analysis and increasing the speed and accuracy with which intermediaries such as data providers can consume information and offer insights. XBRL has been adopted in multiple ways in financial reporting, sustainability reporting, corporate actions, solvency reporting etc. It aims to make the reporting process more efficient and ensures that the information reaching end users is useful.

As a result, XBRL offers powerful capabilities across the reporting chain. Market demand for reliable digital data is high: for users from investors to regulators, XBRL is the gold standard for decision-useful analysis. Examples of existing taxonomies that use XBRL include the IFRS Accounting Taxonomy; the US Financial Accounting Standards Board (FASB); Japanese Generally Accepted Accounting Principles (GAAP); European Banking Authority (for banks), and European Securities and Markets Authority (ESMA) requirements (for investment firms other than banks).

Use of XBRL is also central to the European Single Electronic Format (ESEF): the regulatory framework introduced by the European Securities and Markets Authority (ESMA) as part of the European Union's efforts to enhance transparency and accessibility of financial information. The ESEF requires companies listed on EU regulated markets to prepare their annual reports in a specific electronic format, known as Inline XBRL (eXtensible Business Reporting Language). Inline XBRL combines traditional human-readable financial statements with machine-readable XBRL data, allowing for easier analysis and retrieval of financial information.

More information about XBRL can be found on the XBRL International website: <https://www.xbrl.org/>

2.4 What will GRI deliver through this work?

The main output of this work will be a GRI Sustainability Taxonomy based on XBRL, which represents a digitized version of the GRI Standards. This taxonomy is designed to be used in software tools that support reporting using digital formats, as well as by regulators and other users of sustainability data.

The first version of the GRI Sustainability Taxonomy is expected to be released in Q3 2024 and will be based on the *requirements* of reporting using the GRI Standards (see below).

The GRI Sustainability Taxonomy will initially be released in English and will cover all of GRI's existing Topic Standards and Sector Standards. As new GRI Sector Standards and GRI Topic Standards are released, as well as updates to existing Sector and Topic Standards, these will be integrated into the taxonomy and new versions released. GRI will also develop translated versions of the taxonomy, and will provide further information on the schedule of these translations at a later date.

Finally, GRI is committed to continuing work to ensure the highest possible level of interoperability between the GRI Sustainability Taxonomy and taxonomies covering other sustainability standards, such as the ESRS. While care has been taken to align the overall features of the GRI Sustainability Taxonomy with other taxonomies, integrating these fully into the GRI Sustainability Taxonomy will be subject to future work by GRI and its partners.

In addition to the taxonomy, GRI will also provide the means for reporting organizations to 'file' (i.e. submit) digital reports with GRI. Filing will be facilitated via a 'filing portal', hosted in the GRI environment, through which reporting organizations can submit XBRL versions of their sustainability reports, which will be stored by GRI.

The likely process for submitting filing is described in greater detail below, but an important part of this process will be a series of 'validation checks' that will help test that reports submitted for filing adhere to certain requirements of reporting in accordance or with reference to the GRI Standards.

In addition to the filing portal for XBRL reports, GRI will also provide a webform that will enable organizations to enter data based on the GRI Standards directly, which will be automatically converted into an XBRL report. Examples of information submitted using the webform are shared in the resources section of the consultation webpage.

This webform is intended to support and encourage smaller organizations, or organizations reporting on a limited set of topics to also submit reported information digitally. This should also be helpful for organizations who are not able to access services offered by companies specializing in XBRL disclosures.

Once filed, sustainability reports will be held in a reporting repository by GRI. GRI is working with its partners to identify the best way to manage and provide access to this data for the benefit of the sustainability reporting community as a whole. Further information about this will be provided by GRI at a later stage.

The first version of the GRI Sustainability Taxonomy is expected to be released in Q3 2024 with filing using GRI's filing portal expected to become available from the start of 2025.

2.5 How will reporters file digital reports with GRI?

As described above, organizations will be able to submit information using the GRI Sustainability Taxonomy either directly, by submitting their digitally formatted reports to GRI's online filing portal, or by entering information into an online webform, which will automatically produce and file an XBRL report based on the data provided. Both the filing portal and the webform will be accessed through the GRI website.

Further detail on this process is provided below:

Filing GRI digitally formatted reports

The anticipated process flow for filing XBRL reports using the GRI filing portal is set out in figure 2.1.

Reporting organizations will be able to either file XBRL reports directly or authorize specialist and professional service providers to file XBRL reports on their behalf. In both cases, however, the organization submitting the filing will need to register with GRI to submit the report. Organizations will be asked to provide a Legal Entity Identifier (LEI), where possible. The report will also need to be approved by an authorized member of the reporting organization, responsibility for which cannot be delegated to a third party.

After its first submission, the XBRL report will be subject to a set of validation checks to test adherence with certain requirements of reporting in accordance or with reference to the GRI Standards, as well as

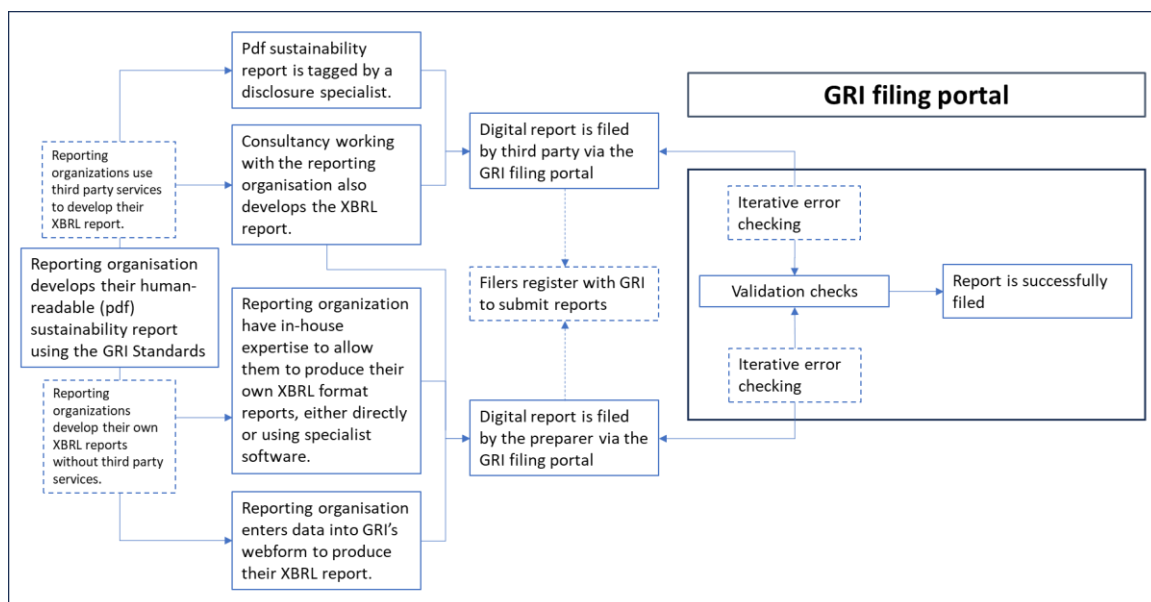


Figure 2.1: Process flow for future filing of digital reports with GRI.

data quality checks. These will identify any inconsistencies in reporting and classify these as either a WARNING or an ERROR.

- A WARNING constitutes a recommendation to check or review the data submitted but does not prevent filing from being accepted.
- An ERROR constitutes an issue with the data submitted that has to be corrected in order for filing to be accepted.

Further details of GRI's approach to identifying validation checks can be found in section 3.4 this document.

Once validation checks have been completed and any ERRORS in the report addressed, the report will need to be re-submitted and the verification checks repeated. The process will continue until all ERRORS have been addressed.

Filing a report using the GRI webform.

In general, XBRL reporting is a specialized activity which either requires in-house expertise, use of specialized reporting software, or support from professional disclosure specialists. GRI is dedicated to working with XBRL disclosure specialists and software developers offering digital reporting tools to ensure the greatest level of access to solutions that help reporting organizations begin reporting their sustainability information using XBRL.

Nevertheless, investment in digital reporting can present a barrier to smaller reporting organizations or organizations in the early stages of developing their sustainability reporting. As a result, GRI is also developing a webform that will allow small reporting organizations to enter data directly into the GRI filing portal without needing to first develop an XBRL version of their sustainability report.

Information entered through the webform will be subject to the same validations checks as for XBRL reports that are submitted directly through the filing portal and any ERRORS identified will need to be addressed before the reported information can be submitted.

3 GRI's approach to developing its taxonomy

3.1 Scope and overall goals

The primary goal of the first release of the GRI Sustainability Taxonomy is to enable reporting against the requirements of the GRI Standards, and to enable automated validation that the report adheres with certain requirements of reporting in accordance or with reference to the GRI Standards.

The GRI Sustainability Taxonomy has been developed in three phases:

- Identifying and characterizing taxonomy data points based on reporting requirements of GRI disclosures.
- Implementing reporting of material topics, omissions and use of GRI Sector Standards.
- Identifying validation checks for testing adherence with certain requirements of reporting in accordance and with reference to the GRI Standards, and to help assess data quality and completeness.

Further information about the approach to each of these phases is provided below.

3.2 Identifying and characterizing data points

The disclosures in the Universal and Topic Standards are organized in a consistent structure to assist reporting. The main features of this structure include:

- **Requirements** – specify requirements to report in accordance with the GRI Standards using the disclosure.
- **Compilation requirements** – specify how the required information must be collected, calculated or compiled.
- **Recommendations** – specify reporting that is encouraged but not required.
- **Guidance** – provides background information, explanations, and examples to help the organization better understand the requirements. The organization is not required to comply with guidance.

All GRI disclosures contain requirements, but not all disclosures include compilation requirements, recommendations or guidance.

Given that the scope of the first release of the GRI Sustainability Taxonomy is limited to the requirements of reporting, taxonomy data points have been based on the requirements and, where applicable, the compilation requirements of disclosures.

In some cases, guidance offers advice on how reported information can be broken down or presented in a more detailed manner than is mandated in the requirements. Guidance is, however, intended to be advisory. As a result, content from guidance will not be included in the first version of the GRI Sustainability Taxonomy. Guidance may be incorporated in later versions of the GRI Sustainability Taxonomy, to support greater flexibility for reporting and support efforts to ensure interoperability with taxonomies covering other sustainability standards.

Recommendations are also advisory, so have also not been used as a basis for identifying data points to be included in the first version of the GRI Sustainability Taxonomy.

In addition to the regular structure of disclosures, certain Topic Standards and Topic Standard disclosures contain table templates that provide examples for how information can be presented.

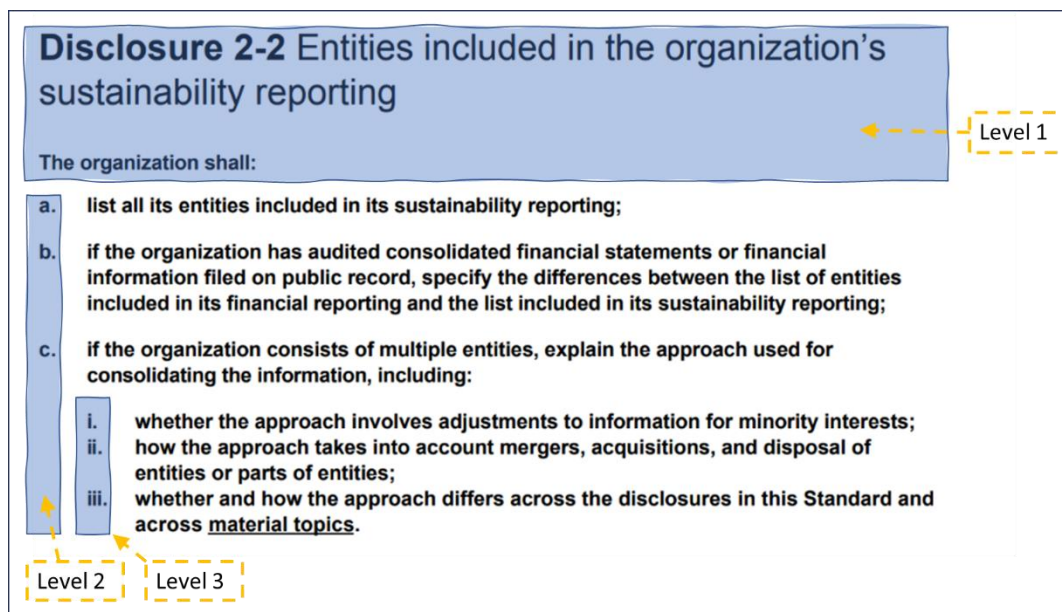


Figure 3.1: Hierarchy of information used to help identify taxonomy data points.

These examples are based on reporting the requirements of the disclosure, so have also been taken into account in identifying taxonomy data points.

In order to assist identifying taxonomy data points, a hierarchy of information was identified based on the presentation of requirements in disclosures, as illustrated in figure 3.1. This hierarchy consists of three levels:

- Level 1: Represents the entire disclosure
- Level 2: Represents requirements identified using alphabetical labels (e.g., a, b, c)
- Level 3: Represents requirements identified using roman numerals labels (e.g., i, ii, iii)

The distinction between hierarchies is principally a practical aid intended to support taxonomy development, but it helps to define some of the initial principles on which the taxonomy's data points have been identified, namely:

- To ensure all the requirements of Universal and Topic Standards disclosures are captured, all level 2 and level 3 content must, in general, be used as the basis for at least one data point in the GRI Sustainability Taxonomy.
- To help manage the number of data points in the taxonomy and the amount of information that needs to be captured GRI has chosen not to base any taxonomy data points on level 1 information.

The levels are also useful in some cases to help identify the relationship between data points.

Level 2 and level 3 content for all Universal and Topic Standard disclosures have been reviewed to identify 'items of information' that provide the basis for defining data points in the taxonomy. These items of information have been identified based on the following general criteria:

- Items of information should represent distinct components of a reporting requirement that are individually significant or of specific interest to data users.
- Requirements (including level 2 and 3 components) containing multiple items of information can be split into several data points to maximize the utility of the data collected, but the number of data points per requirement should also be kept as small as possible to reduce the burden of reporting for organizations.
- The comparability of individual data points (i.e. the extent to which data reported by different organizations can be compared easily) should be as high as possible to maximize the utility of data collected. If a requirement contains several items of information representing data with different levels of comparability, highly comparable information should, wherever possible, be separated out to form individual data points.

Disclosure 2-1 Organizational details

REQUIREMENTS The organization shall:

- a. report its legal name;
- b. report its nature of ownership and legal form;
- c. report the location of its headquarters;
- d. report its countries of operation.

GUIDANCE Guidance to 2-1-a
If the organization uses a commonly known trading name or business name that is different

Disclosure 302-1 Energy consumption within the organization

REQUIREMENTS The reporting organization shall report the following information:

- a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.
- b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.
- c. In joules, watt-hours or multiples, the total:
 - i. electricity consumption
 - ii. heating consumption
 - iii. cooling consumption
 - iv. steam consumption
- d. In joules, watt-hours or multiples, the total:
 - i. electricity sold
 - ii. heating sold
 - iii. cooling sold
 - iv. steam sold
- e. Total energy consumption within the organization, in joules or multiples.
- f. Standards, methodologies, assumptions, and/or calculation tools used.
- g. Source of the conversion factors used.

Disclosure 401-1 New employee hires and employee turnover

REQUIREMENTS The reporting organization shall report the following information:

- a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.
- b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.

Figure 3.2: Examples of identifying 'items of information' (that form the basis for data points in the taxonomy) from the text of the GRI Standards.

- In general, data points should not be repeated or overlap with other data points, except in the case of certain narrative disclosures (see below).
- When considered together, the data points for a specific disclosure should represent all of the information that must be reported in order to satisfy the disclosure’s requirements.

Figure 3.2 provides examples of items of the information identified for a selection of disclosures.

During the review of GRI disclosures, certain frequently repeated reporting structures were identified for which specific rules were developed to identify items of information and their corresponding data points. More detail of these cases, as well as the approach taken to addressing them consistently can be found in Appendix A.

Characterizing data points

Once all the relevant items of information had been identified for all GRI disclosures, these provided the basis for defining data points in the taxonomy. Taxonomy data points have a number of core attributes, including:

- Data point label
- Data type, and
- Unit (where applicable).

The *data point label* identifies the information that needs to be reported and provides the basis for specific data points to be extracted from XBRL reports. In general, data point labels in the GRI Sustainability Taxonomy are based on the items of information identified in GRI disclosures.

To ensure data labels are unique, however, these are combined with a reference to the requirement within the disclosure from which the data point was derived (see, for example, figure 3.3).

The *data type* refers to the type of data the data point contains. Table 3.1 lists the data types used in the GRI Sustainability Taxonomy. In general, the data type for a specific data point is identifiable based on the item of information: a data point based on an item of information that is a percentage, for example, will be numeric, while a description or explanation will represent a textblock.

The primary complication regarding data types arises for disclosures that require ratios to be reported. Ratios are often presented in the form “A:B”, where A and B are the values of the metrics that are being compared. This form of presentation represents a ‘string’ (i.e. a short sequence of characters), but strings are harder to compare than numerical values. In the GRI Sustainability Taxonomy, therefore, ratios are assigned a numerical data type instead and reporters are asked to submit a number based on the ratio being reported. For example, a ratio of “3:2” would be reported as 1.5.

Similarly, long blocks of text are difficult to compare. Where possible, therefore, the GRI Sustainability Taxonomy separates individual requirements that form part of an overall narrative, while also capturing the full requirement to which they contribute (see A2 in Appendix A). This allows information of specific interest to be identified easily while also preserving the overall narrative.

Finally, the data point *unit* defines the unit used in reporting values against the data point. In some cases, the requirements or guidance for a disclosure also specify the units that must be used when



Figure 3.3: Simple examples of data labels. Note that, for the item of information identified in 2-1-c (“location of its headquarters”), the label is shortened to “Location of headquarters”.

Data Type	Description	Example
Numerical	Numeric data that is not monetary or a percentage	Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent (see GRI 305-1)
Monetary	Monetary values	Corporate income tax paid on a cash basis (see GRI 207-4)
Percentage	Percentages	Return to work and retention rates of employees that took parental leave, by gender (see GRI 401-3)
Boolean	Logical data that can either take the value 'Yes' or 'No'	[The organization shall...] report whether the chair of the highest governance body is also a senior executive in the organization (see GRI 2-11)
Enumeration	Data whose value(s) can be chosen from a list	Gases included in the calculation [of Gross direct (Scope 1) GHG emissions]; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all (see GRI 305-1)
Date	Dates	[The organization shall...] report the publication date of the report or reported information (see GRI 2-3)
Short string	Short section of text	[The organization shall...] report its legal name (see GRI 2-1)
Long string ('textblocks')	Narrative disclosures, often descriptive	A description of the processes for workers to report work-related hazards and hazardous situations (see GRI 403-2)

Table 3.1: Data types used in the GRI Sustainability Taxonomy.

reporting certain items of information, in which case these are adopted for the corresponding data point too.

Where the units are not specified, the GRI Sustainability Taxonomy makes use of comprehensive international standard lists of units wherever possible (for example, ISO lists of countries).

In rare instances, the unit can also be entered by the organization, but this is avoided wherever possible because it undermines the comparability of reported information, and can lead to the interpretation of certain data being difficult.

3.3 Implementing reporting of material topics, omissions, and Sector Standards.

In addition to reporting using Topic Standards that are relevant to an organization’s impacts, reporting of material topics, omissions and using Sector Standards represent core aspects of reporting that need specific attention in the taxonomy’s design.

Reporting of material topics

The organization’s material topics are disclosed using GRI 3: Material Topics 2021. This includes listing the material topics, the process undertaken to identify these topics including how stakeholders are involved, and the approach taken to managing material topics.

In the GRI Sustainability Taxonomy, an organization is able to enter its list of material topics using Disclosure 3-2. The organization will then need to select the disclosures from GRI Topic Standards that are relevant to these material topics and will, therefore, be included in reporting. This includes disclosures that are relevant to material topics but where a reason for omission is provided.

Reporters will then be able to provide information about the management of each of the material topics they identify or provide reasons for omission where this information cannot be provided (see below).

Note: For organizations for whom one or more of the GRI Sector Standards are applicable, the section of the taxonomy that covers materiality also includes an additional step in which the organization can identify which of the likely material topics listed in the applicable Sector Standard(s) are relevant to them (see below for more information).

Omissions

For most disclosures in the Universal and Topic Standards, reporting organizations can provide reasons for omission if they are unable to provide the required information. Reporting omissions, where applicable, is important for an organization to demonstrate transparency and accountability and is one of the requirements for reporting in accordance with the GRI Standards.

The GRI Sustainability Taxonomy contains a dedicated structure that reporting organizations can use to report omissions. This structure enables reasons for omission to be provided for entire disclosures, or individual requirements within those disclosures. It also allows the organization to provide an explanation for why the disclosure or requirement cannot be reported, in line with the requirements for reporting omissions set out in GRI 1: Foundation 2021.

Reasons for omission are not permitted for a number of disclosures (GRI 2-1, 2-2, 2-3, 2-4, 2-5, GRI 3-1, 3-2). These disclosures are not included in the taxonomy's omissions structure. If a reporting organization claims to be reporting in accordance with the GRI Standards but does not report against these disclosures, this will generate an error message when the filing is submitted for validation (see further detail below).

Furthermore, *GRI 3-3 Management of material topics* is not included in the taxonomy's omissions structure. This is because GRI 3-3 needs to be reported for each of the reporting organization's material topics. It is possible, therefore, that a reason for omission might be provided when reporting requirements under GRI 3-3 for some of its material topics, but not for others. To support accurate reporting in this case, disclosure of reasons for omissions are integrated directly alongside the data points that correspond to GRI 3-3 in the GRI Sustainability Taxonomy.

Sector Standards

Organizations for whom one or more of the GRI Sector Standards are applicable must meet additional requirements in order to report in accordance with the GRI Standards. In particular they must:

- Review the list of 'likely material topics' identified in the applicable Sector Standard(s) to identify if any of these are material to them.
- For 'likely material topics' that are determined to be material for the organization, all the Topic Standards disclosures listed in the Sector Standards must either be reported, or a reason for omission provided.
- For any 'likely material topics' that are determined to be not material for the organization, the reporting organization must explain why they are not material.

In order to implement these aspects of the GRI Standards, reporting organizations will first need to declare which, if any, of the GRI Sector Standards they are using in their reporting.

The GRI Sustainability Taxonomy includes a data point that allows reporting organizations to identify which of the 'likely material topics' from the Sector Standard(s) they are using are material. This is reported immediately after the organization has listed its material topics using disclosure *GRI 3-2 List of material topics*.

The GRI Sustainability Taxonomy also contains a structure that allows reporters to explain why the remaining 'likely material topics' are not considered to be material for the organization. In the context of the Standards, this does not constitute an omission, so this structure is separate to the more general one, described above, used for reporting omissions.

Taken together, this functionality provides the basis for validation checks that are capable of testing the adherence of reporting to the requirements for reporting in accordance with the GRI Standards, including use of Sector Standards. The specific validation checks that will be used are described in more detail in Section 3.4 below.

Note: Some of the 'likely material topics' included in the Sector Standards also contain 'additional disclosures' and recommendations specific to the Sector Standard. These are, however, not requirements of reporting and have not been included in the first version of the GRI Sustainability Taxonomy. They may, however, be included in future releases.

3.4 Validation checks for filing XBRL reports

The purpose of validating XBRL reports submitted for filing with GRI is to:

- test, to the fullest extent possible, whether the reported information adheres to the requirements for reporting in accordance or with reference to the GRI Standards, and
- provide high level checks on the quality and consistency of reported information.

In general, validation checks are derived by first identifying scenarios under which reporting is inaccurate, incorrect or inconsistent. Each scenario is then assigned a level of severity. A WARNING represents a recommendation to double-check the data submitted but does not prevent filing from being accepted, while an ERROR represents an issue with the data submitted that must be corrected in order for filing to be accepted.

Reporting organizations, or professional services providers completing filing on their behalf, will receive notification of WARNINGS and ERRORS each time they submit a report for filing. Wherever a validation check is not passed, a message will be provided that sets out the issue that has been identified and the actions needed to correct it.

Validation of reporting in accordance with the GRI Standards

When submitting an XBRL sustainability report with GRI for filing, reporting organizations will be asked to identify whether they are reporting in accordance or with reference to the GRI Standards.

Table 3.2 summarizes the requirements for reporting in accordance with the GRI Standards (see *GRI 1: Foundation 2021, Section 3: Reporting in accordance with the GRI Standards*), and a summary of whether or not these requirements fall within scope of validation checks. Based on this, Requirements 2 to 6 are in scope of validation checks. Requirements 7 and 8 are captured in the submission process for filing so do not require a specific validation check. Requirements 1 and 9 cannot currently be tested using validation checks.

Requirements 2 to 6 have been further broken down into a set of general rules that are subject to specific validations for reporting in accordance:

- All disclosures under GRI 2 and GRI 3 are mandatory.
- Reasons for omission **CANNOT** be provided for 2-1, 2-2, 2-3, 2-4, 2-5, 3-1 and 3-2. Reasons for omission **MUST** be provided for any other disclosures in GRI 2 and 3-3 that are not reported, or any requirements in those disclosures that are not reported.
- Topics listed in any applicable Sector Standards used **MUST** be included in reporting. Topics listed in applicable Sector Standards that are not material **MUST** be listed and an explanation for why they are not material **MUST** be provided.
- Disclosures from the GRI Topic Standards listed in any applicable Sector Standards for material topics used **MUST** be included in reporting. Reasons for omission **MUST** be provided for any of these disclosures that are left blank, or any requirements in those disclosures that are left blank.
- **IF** a Topic Standard disclosure is listed as being relevant to one of the material topics, all requirements in that disclosure are mandatory. Reasons for omission **MUST** be provided for any of these disclosures that are not reported, or any requirements in those disclosures that are not reported. This also applies to Disclosure 3-3, which **MUST** be reported for each material topic.

Requirement #	Requirement description	Can the requirement be validated through the GRI Sustainability Taxonomy?
Requirement 1	Apply the reporting principles.	No – <i>GRI 1: Foundation 2021</i> states that the reporting principles must be applied by the organization, but the GRI Standards do not require the organization to disclose how the principles have been applied.
Requirement 2	Report the disclosures in GRI 2: General Disclosures 2021.	Yes – when reporting in accordance, validation checks can be defined that ensure organizations report general disclosures for which omissions are not permitted (GRI 2-1 to 2-5) and that all other disclosures in <i>GRI 2: General Disclosures 2021</i> are either reported or a reason for omission is provided.
Requirement 3	Determine material topics.	Yes – When reporting in accordance, validation checks can be defined to ensure reporting organizations list their material topics and, where they have applicable GRI Sector Standards, that they indicate which topics listed in the applicable Sector Standards are material and which ones are not and why.
Requirement 4	Report the disclosures in GRI 3: Material Topics 2021.	Yes – when reporting in accordance, validation checks can be defined that ensure organizations report against GRI 3-1 and 3-2, for which omissions are not permitted, and that GRI 3-3 is reported for each material topic or a reason for omission is provided.
Requirement 5	Report disclosures from the GRI Topic Standards for each material topic.	Yes – when reporting in accordance, the reporting organization must provide the list of Topic Standard disclosures that are relevant to its material topics. A validation check can then be defined that compares this list to the disclosures reported in the rest of the report to ensure that either the information is reported or a reason for omission is provided.
Requirement 6	Provide reasons for omission for disclosures and requirements that the organization cannot comply with.	Yes – the GRI Sustainability Taxonomy allows reporting organizations to provide information about its omissions in accordance with <i>GRI 1: Foundation 2021, Section 3. Reporting in accordance with the GRI Standards</i> . As set out for Requirement 2, 4 and 5, above, validation checks can then be defined to compare information reported on omissions to the list of disclosures that the reporting organization declares as relevant to its material topics.
Requirement 7	Publish a GRI content index.	Partially – reporting organizations will be asked to provide the Content Index when submitting a report for filing, but the taxonomy cannot be used to validate all the requirements of the GRI content index, as set out in Requirement 7 of <i>GRI 1: Foundation 2021, Section 3. Reporting in accordance with the GRI Standards</i> . For example, the location where the information reported for each disclosure can be found is of specific use for human readable reporting and does not represent information that is required for digital reporting.
Requirement 8	Provide a statement of use.	Yes – reporting organizations will be asked to provide their statement of use when submitting a report for filing.
Requirement 9	Notify GRI.	Not at present – GRI has yet to state whether filing an XBRL report based on GRI fulfils the notification requirement for reporting in accordance. For the time being, it is assumed that organizations will still be required to notify GRI in accordance with <i>GRI 1: Foundation 2021, Section 3. Reporting in accordance with the GRI Standards</i> .

Table 3.2: Requirements for reporting in accordance with the GRI Standards, and the extent to which these can be tested using validation checks.

These general rules have been refined further to identify the following scenarios for which validation checks will be applied for reporting organizations reporting in accordance with the GRI Standards:

Scenario 1: Reporting on the requirements for disclosures where omissions are not permitted (GRI 2-1, 2-2, 2-3, 2-4, 2-5, 3-1, 3-2):

Scenario summary	Severity	Error message
IF reporting in accordance AND the requirement is not reported...	ERROR	When reporting in accordance with the GRI Standards, <requirement label> must be reported. Reasons for omission are not permitted for this disclosure.

Scenario 2: Reporting on the requirements for disclosures in GRI 2 and GRI 3 where omissions are permitted (all disclosures from GRI 2-6 to 2-30 and GRI 3-3):

Scenario summary	Severity	Error message
IF reporting in accordance AND the requirement is not reported...	ERROR	When reporting in accordance with the GRI Standards, <requirement label> must be reported. If this information is not reported, a reason for omission must be provided.

Scenario 3: Reporting on the requirements for Topic Standards disclosures:

Scenario summary	Severity	Error message
IF reporting in accordance AND disclosure is listed as relevant to reporting of a material topic AND the requirement is not reported AND no reason for omission is provided...	ERROR	When reporting in accordance with the GRI Standards, if <disclosure name> is relevant to the impacts in relation to a material topic, <requirement label> must be reported. If this information is not reported, a reason for omission must be provided.

In general, these scenarios form the basis of validation checks that apply to all the requirements listed in GRI Universal and Topic Standards disclosures.

Validation of reporting in accordance with the GRI Standards and using Sector Standard(s)

The GRI Sector Standards are designed to help identify a sector's most significant impacts and reflect stakeholder expectations for sustainability reporting. They describe the sustainability context for a sector, outline organizations' likely material topics based on the sector's most significant impacts, and list disclosures that are relevant for the sector to report on. GRI has published Sector Standards for Oil and Gas (GRI 11), Coal (GRI 12), Agriculture, Aquaculture and Fishing (GRI 13), as well as Mining (GRI 14) and are available for reporting. When reporting in accordance with the GRI Standards and using one or more of the GRI Sector Standards, reporting organizations are subject to additional reporting requirements. These include:

- Reviewing the likely material topics included in the Sector Standard and identifying which of these, if any, are material for the organization.
- Reporting all of the Topic Standards disclosures listed in the Sector Standard for the likely material topics that are determined to be material, providing reasons for omission for any requirements for which they are unable to report information.
- In addition, for any of the likely material topics included in the Sector Standard that are not considered material, the reporting organization must provide an explanation for why they are not material.

As a result, and as described above, organizations reporting using Sector Standards will be required to report which likely material topics, taken from the Sector Standards applicable to them, are material for the organization.

The organization will then need to report the Topic Standard disclosures they are using to report the organization's material topics in the same way as organizations who do not use Sector Standards. For 'likely material topics' that are determined to be material for the organization, all the Topic Standards disclosures listed in the Sector Standards must either be reported, or a reason for omission provided.

Based on this, the following scenarios have been identified in which specific validation checks are needed to ensure reporting in accordance with the GRI Standards while also reporting using Sector Standard(s):

Scenario 4: Likely material topics listed in the applicable Sector Standards that are not used in reporting, but for which no explanation is provided for why they are not material.

Scenario summary	Severity	Error message
IF reporting in accordance AND reporting using GRI 11, 12, 13 or 14 AND there are likely material topics from the Sector Standards that are NOT included in the report AND an explanation has NOT been provided for why these likely material topics are not material...	ERROR	When reporting in accordance with the GRI Standards and using a Sector Standard, each of the likely material topics listed in the Sector Standard must be reviewed to determine whether or not they are material for the organization. If any of the likely material topics are determined to not be material, an explanation for why they are not material must be provided.

Scenario 5: Likely material topics taken from the applicable Sector Standard are listed as material, but the Topic Standard disclosures applicable to those material topics are not included in the list of Topic Standard disclosures that will be reported.

Scenario summary	Severity	Error message
IF reporting in accordance AND reporting using GRI 11, 12, 13 or 14 AND likely material topic(s) from the Sector Standards have been identified AND the required disclosures from these likely material topic(s) listed are not included in the list of disclosures reported...	ERROR	When reporting in accordance with the GRI Standards and using a Sector Standard, all the Topic Standard disclosures listed in the Sector Standard for the likely material topics that are material must be reported. If the disclosure is not relevant to the organization's impacts, the 'not applicable' reason for omission must be provided with an explanation of why the disclosure is not relevant.

Note: In addition to Topic Standard disclosures, likely material topics in Sector Standards also contain additional disclosures that are not required to be reported, and additional sector recommendations. As these are not required for reporting, however, they do not fall within scope of this first draft version of the GRI Sustainability Taxonomy, but may be included in future versions.

Validation of reporting with reference to the GRI Standards.

The requirements for reporting with reference to the GRI Standards set out in *GRI 1: Foundation 2021, Section 3: Reporting with reference to the GRI Standards* are:

- Publish a GRI content index
- Provide a statement of use
- Notify GRI

As outlined in Table 3.2 reporting organizations will be asked to provide their GRI content index and statement of use when submitting a report for filing. The final Requirement to notify GRI is not currently within scope of the GRI Sustainability Taxonomy's validation checks.

As a result, no new validation checks specific to reporting with reference to the GRI Standards need to be included in the GRI Sustainability Taxonomy.

Validation checks to test data quality.

In addition to the checks that can be performed to validate adherence with the requirements for reporting in accordance or with reference to the GRI Standards, the GRI Sustainability Taxonomy will also implement checks to test the quality and consistency of information reported.

These checks will be based on the final version of the taxonomy and are not within the scope of this public consultation. Nevertheless, examples of potential checks include:

- **Non-negative checks** – applied when reported values can only take positive values, for example number of employees.
- **Percentage checks** – applied to ensure percentage values are 100% or less, where applicable.
- **Boolean checks** – applied in cases where there is a dependency between data points, ensuring data is only reported under the correct set of circumstances.
- **Date checks** – applied to ensure dates entered in reporting are consistent, for example to ensure the start date of the sustainability reporting period is not later than its end date.
- **Specific arithmetic checks** – applied to ensure consistency between related data, for example in the case that the reporting organization is asked to provide a total value for a metric and a breakdown of that metric by location, gender or some other variable, that the sum of the breakdown is equal to the total amount.

Annex B provides examples of potential scenarios in which data quality checks may be applied, including the likely severity and error messages associated with these checks.

As set out earlier, the objective of this first release of the GRI Sustainability Taxonomy is to implement the requirements of reporting using the GRI Standards. In the first release of the GRI Sustainability Taxonomy, therefore, it is likely that most data quality checks will be classified as WARNINGS rather than ERRORS, in which case failure to complete these checks will not prevent a report from being filed.

This is intended to allow reporting organizations time to focus first on ensuring they are meeting the requirements for reporting in accordance or with reference to the GRI Standards. It is also intended to ensure that, for the first year of reporting at least, reports that have been audited will not need to be re-audited as a result of filing with GRI.

Ensuring a high level of data quality is, however, critical to ensuring reported data is robust. The severity of data quality checks will remain under review and are expected to change in future releases of the GRI Sustainability Taxonomy as digital reporting becomes more widespread.

Note: Errors in reported information that are identified after the report has been published (or, for XBRL reports, after it has been filed) must be disclosed in the reporting organization's next sustainability report using *Disclosure 2-4 Restatements of information*.

4 Future development of the GRI Sustainability Taxonomy

The intent of the first release of the GRI Sustainability Taxonomy is to enable reporting against the requirements of the GRI Standards. This is the primary principle used to determine the design of the taxonomy and its validation rules. It sets out a basis on which reporters can report against the full range of sustainability impacts.

Figure 4.1 sets out our anticipated roadmap for future development of the GRI Sustainability Taxonomy. Please note that this is a provisional overview and, as such, may be subject to future change.

The first release of the GRI Sustainability Taxonomy is expected to take place in Q3 2024. Beyond this first release, GRI will continue to develop and improve the GRI Sustainability Taxonomy to ensure that, as reporting organizations become more familiar with digital reporting, the taxonomy can provide more flexible reporting options (for example, accounting for the recommendations and guidance of the GRI Standards) and more demanding data quality checks.

The GRI Sustainability Taxonomy will also be updated in future to include:

- New content in the GRI Standards, for example new Sector Standards and Topic Standards and updates to existing Standards;
- Removal of content that is superseded by updates to the Standards;
- Enhancing functionality for reporting against Sector Standards, for example incorporating sector-specific additional disclosures and recommendations that are not part of the requirements for reporting using the Sector Standard.

We will also translate the GRI Sustainability Taxonomy for non-English speaking regions. The timeline for doing so will be agreed and published by GRI at a later date.

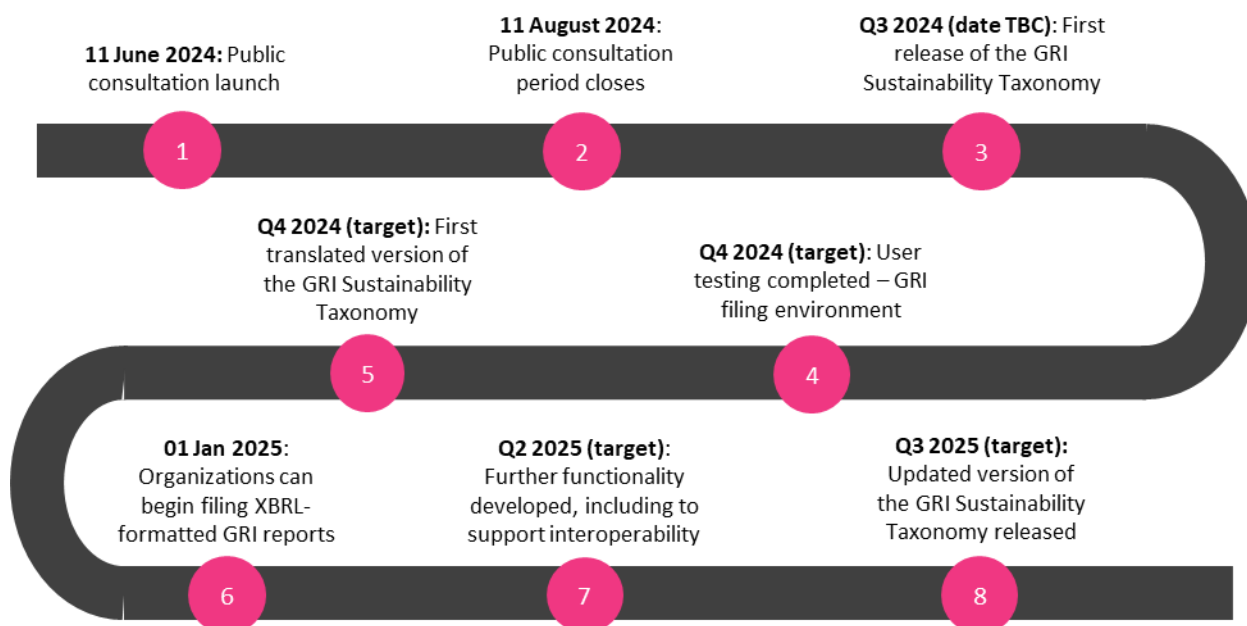


Figure 4.1: Provisional roadmap for future development of the GRI Sustainability Taxonomy

Finally, GRI remains committed to ensuring that the taxonomy enables a high level of interoperability with other sustainability taxonomies. We continue to work closely with our partners, including other standards setters, to achieve this ambition.

How you can get involved further

If you would like to provide feedback on the approach taken to developing the GRI Sustainability Taxonomy set out in this document, please complete our online consultation survey. This can be accessed through the GRI Sustainability Taxonomy public consultation webpage.

If you are interested in contributing further to the future development of the GRI Sustainability Taxonomy, or would like more information on how to get started with digital reporting, please contact: DigitalReporting@GlobalReporting.org.

Appendix A: Identifying data points in the GRI Sustainability Taxonomy – further examples.

A1. Narrative requirements in which separate items of information are identified but are not linked:

Disclosure 2-4 Restatements of information

REQUIREMENTS The organization shall:

- a. report **restatements of information made from previous reporting periods** and explain:
 - i. **the reasons for the restatements;**
 - ii. **the effect of the restatements.**

Disclosure 2-26 Mechanisms for seeking advice and raising concerns

REQUIREMENTS The organization shall:

- a. describe the mechanisms for individuals to:
 - i. **seek advice on implementing the organization's policies and practices for responsible business conduct;**
 - ii. **raise concerns about the organization's business conduct.**

In both these examples, a separate data point is identified for each item of information.

A2. Narrative requirements in which level 3 information forms part of an overall narrative description or explanation (requirements that use the word 'including').

Disclosure 2-2 Entities included in the organization's sustainability reporting

The organization shall:

- a. list all its entities included in its sustainability reporting;
- b. if the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting;
- c. if the organization consists of multiple entities, **explain the approach used for consolidating the information**, including:
 - i. **whether the approach involves adjustments to information for minority interests;**
 - ii. **how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities;**
 - iii. **whether and how the approach differs across the disclosures in this Standard and across material topics.**

In this example, the level 2 item of information: "... explain the approach used for consolidating the information" must be reported, but the disclosure also requires that this explanation must also contain the specific information referenced in 2-2-c-i, 2-2-c-ii and 2-2-c-iii.

In this case, therefore, data points are defined based on both level 2 and level 3 items of information. The data points defined for 2-2-c-i, 2-2-c-ii and 2-2-c-iii form a subset of the overall explanation of "the approach used for consolidating the information".

When reporting using the webform, the values reported for these data points will need to be reported separately. When tagging a report 'inline', the section of text explaining "the approach

used for consolidating the information” will need to be tagged and, within that text, the information required for 2-2-c-i, 2-2-c-ii and 2-2-c-iii will also need to be tagged.

A3. Narrative requirements containing conditions (requirements that use the word ‘if’).

Disclosure 2-2 Entities included in the organization’s sustainability reporting

The organization shall:

- a. list all its entities included in its sustainability reporting;
- b. if the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting;
- c. if the organization consists of multiple entities, explain the approach used for consolidating the information, including:
 - i. whether the approach involves adjustments to information for minority interests;
 - ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities;
 - iii. whether and how the approach differs across the disclosures in this Standard and across material topics.

Returning to the example of GRI 2-2, requirement 2-2-c starts with “if the organization consists of multiple entries...”, which represents a condition for reporting the information that follows. In the GRI Sustainability Taxonomy, the conditional element is treated as a separate, boolean data point: “Does the organization consist of multiple entities?”

Validation checks can then be used to ensure that if this data point takes the value ‘Yes’, the rest of the information required for reporting 2-2-c (including 2-2-c-i, 2-2-c-ii and 2-2-c-iii) are reported.

A4. Breakdowns of information

Disclosure 303-3 Water withdrawal

REQUIREMENTS The reporting organization shall report the following information:

- a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
 - i. Surface water;
 - ii. Groundwater;
 - iii. Seawater;
 - iv. Produced water;
 - v. Third-party water.

In this example, the information that needs to be reported relates to ‘water withdrawal’. At level 2, the “Total water withdrawal from all areas” needs to be reported and can be used as the basis for its own data point.

The breakdown of this total for the categories ‘Surface water’, ‘Groundwater’, ‘Seawater’, ‘Produced water’ and ‘Third-party water’ must then be reported. In the GRI Sustainability Taxonomy, this is enabled using a ‘dimensional’ structure in which an ‘explicit dimension’ is defined that contains the values: ‘Surface water’, ‘Groundwater’, ‘Seawater’, ‘Produced water’, and ‘Third-party water’. Water withdrawal is then reported against each of these categories.

This dimensional structure can be thought of as a table in XBRL in which the category headers are defined by the GRI Standards.

Some disclosures in the GRI Standards require breakdowns of information using categories that are defined by the reporting organization (see below).

Disclosure 401-1 New employee hires and employee turnover

REQUIREMENTS The reporting organization shall report the following information:

a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.

In this example the “Total number and rate of new employee hires” must be reported by age group, gender, and region, but the GRI Standards do not specify what sub-categories of age and gender should be used. The “Total number and rate of new employee hires” must also be reported by region, and the regions included have to be defined by the reporting organization.

In the GRI Sustainability Taxonomy, this is enabled using a similar dimensional structure as in the previous example, but the list of sub-categories that are used are entered by the report preparer using a ‘typed dimension’.

This dimensional structure can be thought of as a table in XBRL in which the category headers are defined by the report preparer.

Note: The guidance for Disclosure 401-1 indicates that reporting organizations **can** use the age categories: ‘Under 30 years old’; ‘30 to 50 years old’ and ‘Over 50 years old’. These sub-categories are not part of the requirement for reporting, however, so a typed dimension remains the most appropriate choice.

Note: There are commonly used categories that could be defined for gender, but GRI does not require specific gender categories to be used by reporting organizations, which justifies the use of a typed dimension. While this reduces the comparability of data collected – as reporting organizations are likely to report using a range of different sub-categories – it prioritizes flexibility for reporting organizations and allows information to be reported in a way that is appropriate to them.

A5. Compilation requirements.

Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

REQUIREMENTS The reporting organization shall report the following information:

a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:

- i. incidents of non-compliance with regulations resulting in a fine or penalty;
- ii. incidents of non-compliance with regulations resulting in a warning;
- iii. incidents of non-compliance with voluntary codes.

b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.

Compilation requirements

2.1 When compiling the information specified in Disclosure 416-2, the reporting organization shall:

- 2.1.1 exclude incidents of non-compliance in which the organization was determined not to be at fault;
- 2.1.2 exclude incidents of non-compliance related to Incidents related to labeling are reported in Disclosure 417-2 of GRI 417: Marketing and Labelling 2016;
- 2.1.3 if applicable, identify any incidents of non-compliance that relate to events in periods prior to the reporting period.

This example includes three compilation requirements that also represent requirements of reporting in accordance with the GRI Standards.

Compilation requirements 2.1.1 and 2.1.2 represent requirements related to how the data reported in Disclosure 416-2 is collected, but does not alter the way in which information is reported. As a result, new data points do not need to be included to reflect these compilation requirements.

In contrast, compilation requirement 2.1.3 represents additional information that must be reported in the case that there are incidents of non-compliance that relate to events in periods prior to the reporting period. As this alters the way in which information is reported for this disclosure, a new data point needs to be defined to allow reporters to complete this additional information.

Appendix B: Examples of data quality checks

B1. Potential data quality checks related to reporting numerical information:

Disclosure 2-7 Employees

The organization shall:

- a. report the total number of employees, and a breakdown of this total by gender and by region;
- b. report the total number of:
 - i. permanent employees, and a breakdown by gender and by region;
 - ii. temporary employees, and a breakdown by gender and by region;
 - iii. non-guaranteed hours employees, and a breakdown by gender and by region;
 - iv. full-time employees, and a breakdown by gender and by region;
 - v. part-time employees, and a breakdown by gender and by region;
- c. describe the methodologies and assumptions used to compile the data, including whether the numbers are reported:
 - i. in head count, full-time equivalent (FTE), or using another methodology;
 - ii. at the end of the reporting period, as an average across the reporting period, or using another methodology;

In this example, the following validation checks, related to reported numbers, could be applied:

1. 2-7-a and 2-7-b (and all sub-clauses): None of the numbers of employees reported should be negative.

Example message (WARNING): **The number of employees should not be negative.**

Example message (ERROR): **The number of employees must not be negative.**

Note: An additional check might be required to ensure, for example, that the reported number is an integer, in cases where the reported information can only take whole number values, such as when reporting the number of employees using headcount.

2. 2-7-a and 2-7-b (and all sub-clauses): The sum of the number of employees reported for every breakdown should equal the total number of employees.

Example message (WARNING): **The sum of the breakdown of employee numbers should be equal to the total number of employees reported.**

Example message (ERROR): **The sum of the breakdown of employee numbers must be equal to the total number of employees reported.**

B2. Potential data quality checks related to reporting ratios:

Disclosure 2-21 Annual total compensation ratio

The organization shall:

- a. report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual);
- b. report the ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual);

In the example above, the following rules related to reporting ratios could be applied:

1. 2-21-a: The reported ratios should not be negative.

Example error message (WARNING): The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) should not be negative.

Example error message (ERROR): The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) must not be negative.

Note: The rule around the reported ratio being non-negative applies to 2-21-a but not to 2-21-b, given that the change in the total compensation could, in principle, be negative.

2. 2-21-a: The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) should not be less than 1.

Example error message (WARNING): The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) should not be less than 1.

Example error message (ERROR): The ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual) must not be less than 1.

Note: The rule around the reported ratio being more than 1 applies to 2-21-a but not to 2-21-b, given that the total compensation of the highest-paid individual will never be less than the median, but the percentage increase in annual total compensation might not be.

B3. Potential data quality checks related to reporting requirements that include conditions:

Disclosure 2-23 Policy commitments

The organization shall:

- a. describe its policy commitments for responsible business conduct, including:
 - i. the authoritative intergovernmental instruments that the commitments reference;
 - ii. whether the commitments stipulate conducting due diligence;
 - iii. whether the commitments stipulate applying the precautionary principle;
 - iv. whether the commitments stipulate respecting human rights;
- b. describe its specific policy commitment to respect human rights, including:
 - i. the internationally recognized human rights that the commitment covers;
 - ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organization gives particular attention to in the commitment;
- c. provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;

In the example above, three data points are included in the taxonomy for 2-23-c. The first is a Boolean data point with which the reporting organization can report whether or not the policy commitments are publicly available. The second is a data point that allows the reporting organization to provide a link to these commitments, if they are publicly available, and the third is a data point that allows the reporting organization to provide a reason for why the policy commitments are not available, if applicable.

Depending on whether ‘Yes’ or ‘No’ is chosen for the Boolean data point, the following rules could be applied:

1. 2-23-c: If policy commitments are publicly available, a link to the commitments should be provided. In contrast to other data quality checks, failure to meet this rule would be categorized as a WARNING for reporting with reference to the GRI Standards, but an ERROR for reporting in accordance with the GRI Standards. This is because the rule is related to a requirement of reporting rather than a check of data quality.

Example message (WARNING): **If the policy commitments are publicly available, a link to the policy commitments should be provided.**

Example message (ERROR): **When reporting in accordance with the GRI Standards, if the policy commitments are publicly available, a link to the policy commitments must be provided. If this information cannot be reported, a reason for omission must be provided.**

Note: In this case, validation checks for reporting in accordance (as outlined in section 3.4) would not be applied to the data point capturing the link, because reporting is only needed if the policy commitments are publicly available. The direction to provide a reason for omission is, therefore, included in the data quality check rather than as a separate check for reporting in accordance.

2. 2-23-c: If policy commitments are not publicly available, an explanation of the reason for this should be provided. As in the example above, failure to meet this rule would be categorized as a WARNING for reporting with reference to the GRI Standards, but an ERROR for reporting in accordance with the GRI Standards.

Example message (WARNING): **If the policy commitments are not publicly available, an explanation of the reason for this should be provided.**

Example message (ERROR): **When reporting in accordance with the GRI Standards, if the policy commitments are not publicly available, an explanation of the reason for this must be provided. If this information cannot be reported, a reason for omission must be provided.**

Note: In this case, validation checks for reporting in accordance (as outlined in section 3.4) would not be applied to the data point capturing the explanation of the reason, because reporting is only needed if the policy commitments are not publicly available. The direction to provide a reason for omission is, therefore, included in the data quality check rather than as a separate check for reporting in accordance.