

# Item 06 – Update on review of GRI 102: General Disclosures 2016 (Universal Standards Project Work Stream 4)

## For GSSB discussion

<b>Date</b>	11 June 2019
<b>Meeting</b>	27 June 2019
<b>Project</b>	Review of GRI's universal Standards
<b>Description</b>	<p>This document identifies specific disclosures within <i>GRI 102: General Disclosures 2016</i> which are recommended for revision.</p> <p>The GSSB are requested to review the document and consider the following:</p> <ol style="list-style-type: none"> <li>1. Do you have additional observations about the specific disclosures we have so far identified for revision?</li> <li>2. Do you agree that these disclosures continue to provide useful contextual information for users of GRI Standards sustainability reporting and does the intended purpose continue to be appropriate?</li> <li>3. Do you have comments on our directional suggestions for revision?</li> </ol>

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## 2 Introduction

3 The [project to review GRI's universal Standards](#) includes the review of [GRI 102 General Disclosures](#)  
 4 [2016](#) (as part of Work Stream 4). The scope of the review is to consider revisions to existing  
 5 General Disclosure, but excludes the introduction of new ones, with the aim being to:

- 6 1. clarify the wording to improve the understanding and practical application of the disclosures  
 7 and guidance for those involved in reporting and ultimately advance the quality and  
 8 compliance of reported disclosures, and
- 9 2. confirm the understanding of the relevance and purpose of these disclosures both for  
 10 reporting organizations and report users.

## 11 Background to GRI 102

12 GRI 102 consists of 56 individual disclosures which are intended to provide contextual information  
 13 that is helpful to stakeholders in understanding the nature of the organization and its economic,  
 14 environmental and social impacts. The disclosures range from straightforward ones (e.g., 102-1:  
 15 name of organization, 102-50: reporting period) to more complex disclosures with multiple elements  
 16 (e.g., 102-8: information on employees and other workers). GRI 102 applies to all organizations who  
 17 will report in accordance with the GRI Standards in the following ways:

18

Section	Core option		Comprehensive option	
	Required disclosures	Reasons for omission permitted	Required disclosures	Reasons for omission permitted
1. Organizational profile	102-1 to 102-13	-	102-1 to 102-13	-
2. Strategy	102-14	-	102-14 to 102-15	-
3. Ethics and integrity	102-16	-	102-16 to 102-17	102-17
4. Governance	102-18	-	102-18 to 102-39	102-19 to 102-39 inclusive
5. Stakeholder engagement	102-40 to 102-44	-	102-40 to 102-44	-
6. Reporting practice	102-45 to 102-56	-	102-45 to 102-56	-
<i>Total number</i>	32	0	56	22

19 For a reporting organization to make the claim that they have reported in accordance: Core, all  
20 information required by the applicable 32 General Disclosures must be reported with no reasons for  
21 omission available to them.

22 A Comprehensive reporter is required to report all 56 General Disclosures to make an in  
23 accordance: Comprehensive claim, but they do have the option of using reasons for omission for 22  
24 of the 24 General Disclosures not required by Core reporters.

## 25 Research approach

### 26 *Research to date*

27 To date we have gathered evidence/ feedback from the following sources:

- 28 • Technical enquiries – reviewed all enquiries received by the Standards Division since the GRI  
29 Standards were published in October 2016 (approx. 50 enquiries related to GRI 102  
30 disclosures)
- 31 • Reviews of reports – reviewed 45 reports (32 Core, 13 Comprehensive)
- 32 • GRI universal survey - high level analysis of responses up to 28 May 2019, although note that  
33 the total number of responses is higher and further analysis will be undertaken.
- 34 • Expert interviews held to date – five interviews with experts and consultants/ assurance  
35 providers
- 36 • Feedback from GRI Services team – the Services team perform [Disclosure Review Services](#)  
37 on 10 selected General Disclosures (102-15, 102-40 to 102-44, 102-46, 102-47, 102-54, and  
38 102-55) and provided thematic feedback to the project team.

### 39 *Further research*

40 The following further research will be performed:

- 41 • GRI universal survey – full analysis of responses after survey is closed on 9 June 2019
- 42 • Expert interviews – further expert interviews to take place in June and July 2019
- 43 • Comparative analysis – desktop research to review and compare the General Disclosures to  
44 other reporting frameworks, stock exchanges, regulatory bodies and corporate governance  
45 codes
- 46 • Interviews with reporters – individual interviews to take place with a sample of 10 of the 45  
47 reporting organizations whose reports were reviewed and analyzed.

## 48 Findings to date

### 49 *Specific disclosures recommended for revision*

50 Based upon the research and analysis performed to date, specifically from the review of technical  
51 enquiries where questions on these disclosures regularly arise, there are specific disclosures in GRI  
52 I02 which pose challenges for reporting organizations to report, e.g. collection of data or  
53 interpretation of terms/ requirements. The review of 45 GRI Standards reports also identified  
54 disclosures where which were not well reported, and further investigation is needed with reporting  
55 organizations to understand why this is the case.

56 For the following 30 specific disclosures, the Standards Division has gathered sufficient evidence,  
57 without the need to perform further research, to conclude that revisions should be recommended.

- 58 • I02-7 Scale of the organization
- 59 • I02-8 Information on employees and other workers
- 60 • I02-9 Supply chain
- 61 • I02-10 Significant changes to the organization and its supply chain
- 62 • I02-18 to I02-39 All 22 disclosures in Section 4: Governance
- 63 • I02-41 Collective bargaining agreements
- 64 • I02-45 Entities included in the consolidated financial statements
- 65 • I02-55 Context Index
- 66 • I02-56 Assurance

67 An analysis of each of these disclosures is presented in Table I below, which provides further  
68 information about each disclosure, how well it is reported, challenges in reporting it, its intended  
69 purpose and recommended revisions to be made. Note that specific recommended revisions for the  
70 above disclosures will incorporate evidence to be gathered from the additional research and  
71 feedback from a range of stakeholders including those involved in preparing sustainability reports and  
72 report users.

### 73 *Remaining disclosures*

74 For the 26 General Disclosures not identified above, at this stage 7 of them are not proposed for  
75 revision, and revisions to the remaining 19 disclosures are yet to be determined. Further research  
76 needs to be performed as outlined in the research approach section, alongside consideration of  
77 potential revisions arising from other parts of the project, e.g. the reporting principles (Work  
78 Stream 2), the in accordance reporting model, and the reasons for omission (Work Stream 3).

79 Refer to Annex I, for a complete list of all disclosures and an indication based on research  
80 performed to date of whether they are to be revised or not.

## Table I. Specific disclosures identified for revision to date

Disclosure	Background to disclosure	Intended purpose of disclosure	What is conveyed in the actual reporting	Findings based on review of reports	Challenges for reporting organizations	Suggested revisions (directional)
<a href="#">102-7 Scale of operations</a>	Current disclosure largely introduced in G1 and G2 but minor changes were made in G3 and G4.	Collectively this information is intended to provide context about the organization and its business operations so a reader can relate this to their impacts.	Reporters direct readers to various pages, website locations and other reports for this information. It is rarely provided in one summary which means it is difficult to quickly obtain a high-level understanding of the organization and its scale.	8 out of 45 reports provided information to cover all elements of this disclosure. Number of times elements not reported in 45 reports: ii. Total number of operations: 25/45 iii. Net sales/revenue: 9/45 iv. Total capitalization: 28/45 v. Quantity of products or services: 24/45	Examples of challenges from some reporters: <ul style="list-style-type: none"> <li>Unclear terms: operations, net sales/ net revenue, capitalization.</li> <li>Service based companies struggle to understand what to report for quantity of services.</li> <li>Some private companies do not want to disclose this information or do not have the information.</li> </ul>	Revise guidance to include the purpose such that the reporter understands the context this provides to a report user.  Provide further guidance for how an organization should interpret the terms in the disclosure.  Review extent of info already included in other annual reporting (e.g. mainstream financial statements).

Disclosure	Background to disclosure	Intended purpose of disclosure	What is conveyed in the actual reporting	Findings based on review of reports	Challenges for reporting organizations	Suggested revisions (directional)
<a href="#">102-8 Information on employees and other workers</a>	Introduced in G4	To provide an understanding of the impact of the organization on labor and social conditions.  It also provides quantitative data that can be used as a normalizing factor for other topics.	As reasons for omission are not permitted it is not evident to report users that a significant amount of data has been omitted for an in accordance (core or comprehensive) report.	1 out of 45 reports provided information to cover all elements of this disclosure.  Number of times elements not reported in 45 reports: 102-8a: 1/45 102-8b: 21/45 102-8c: 20/45 102-8d: 37/45 102-8e: 38/45 102-8f: 34/45	Examples of challenges from some reporters:  <ul style="list-style-type: none"> <li>Some do not understand the relevance of all elements of the disclosure.</li> <li>Collection of data is time consuming and difficult to obtain, particularly when applying the terms: region, worker.</li> <li>Organizations are applying reasons for omission for gender data in GRI 401 Employment but are not able to use it in GRI 102.</li> </ul>	Suggest revising the guidance to include the relevance for all elements and their importance in understanding the organization's labor and social impacts.  Provide an example table setting out all of the disclosure requirements for reporters to use – this would also allow a report user to identify which elements have not been disclosed.

Disclosure	Background to disclosure	Intended purpose of disclosure	What is conveyed in the actual reporting	Findings based on review of reports	Challenges for reporting organizations	Suggested revisions (directional)
<a href="#">102-9 Supply chain</a>	Introduced in G4	To give contextual information about suppliers for understanding impacts. This is particularly important with some topics where the topic Boundary extends into the supply chain (e.g. waste) where the impact occurs.	Some reporters provide no information on this topic whilst others provide a very short summary which does not give the contextual information intended.	15 out of 45 reports provided information to cover all elements of this disclosure.	Reporters do not find this disclosure specific enough to direct them in what to report. Requests for more specific guidance.	<p>Incorporate the purpose, relevance and importance of this disclosure into the guidance.</p> <p>Provide further examples of what would be relevant in the context of specific organizations and their specific impacts.</p> <p>Consider merging 102-9 and 102-10 a3.ii Changes in the location of supplier etc., so that <a href="#">102-10 Significant changes to the organization and its supply chain</a> only refers to changes in the organization.</p>



Disclosure	Background to disclosure	Intended purpose of disclosure	What is conveyed in the actual reporting	Findings based on review of reports	Challenges for reporting organizations	Suggested revisions (directional)
<a href="#">Section 4. Governance 102-18 to 102-39</a>	These disclosures were introduced across G2, G3 and G4.	Important to understand the accountability of the relevant bodies and individuals, their composition, decision-making processes, integration into business strategy and awareness of economic, environmental and social topics and impacts.	As reasons for omission are permitted for all disclosures except 102-18 then majority of organizations do not attempt to report information for each disclosure.	<p>Comprehensive: out of 13 reports none reported all of the governance disclosures and reasons for omission were not always used. Remuneration related and evaluation of performance disclosures were some of the least well reported.</p> <p>Although not required the following were reported in 3 or 4 Core reports:</p> <p>102-20 <i>Executive-level responsibility for economic, environmental, and social topics.</i></p> <p>102-19 <i>Delegating authority</i></p> <p>102-22 <i>Composition of the highest governance body and its committees</i></p> <p>102-23 <i>Chair of the highest governance body</i></p> <p>102-26 <i>Role of highest governance body in setting purpose, values, and strategy</i></p> <p>102-30 <i>Effectiveness of risk management processes</i></p>	Significant level of disclosure and given only applies to Comprehensive reporters and reasons for omission can be used, then a lot of reporters choose not to report many of the disclosures.	<p>Review each disclosure to see if some can be consolidated.</p> <p>Any revisions will be contingent upon changes made to the in accordance reporting model.</p>

Disclosure	Background to disclosure	Intended purpose of disclosure	What is conveyed in the actual reporting	Findings based on review of reports	Challenges for reporting organizations	Suggested revisions (directional)
<a href="#">102-41 Collective bargaining agreements</a>	Included as a social indicator in G2 and G3 and Introduced in G4 as a General Disclosure.	The most direct way to demonstrate an organization's practices in relation to freedom of association.	For reports providing partial information for this disclosure, reporters describe the agreements in place for those countries they have information for, but do not give an overall %.	28 out of 45 reports provided information to fully report this disclosure (6 partially reported and 10 did not report).	<p>Misunderstanding of what is being asked for. Although guidance says this is not % of employees belonging to trade unions there is still confusion.</p> <p>Purported difficulty in obtaining the relevant information for all operations.</p>	<p>Provide context in the guidance that this indicates organization's practices in respect of freedom of association.</p> <p>Encourage through use of reasons for omission that organization report any information they have collected (narrative or quantitative) even if incomplete.</p>

Disclosure	Background to disclosure	Intended purpose of disclosure	What is conveyed in the actual reporting	Findings based on review of reports	Challenges for reporting organizations	Suggested revisions (directional)
<a href="#">102-45 Entities included in the consolidated financial statements</a>	Prior to G4 was included under 'coverage of report', 'boundary of report'.	To explain the entities whose sustainability related information and impacts are covered by the report and whether this is different to the organization's consolidated financial statements.	Reports provide links to financial statements (sometimes without page numbers) but do not explain whether all entities are covered by the sustainability report. Some reports give a % of entities not covered but do not specify which entities.	18 out of 45 reports provided information to cover all elements of this disclosure.	Uncertainty of what is being required and what its purpose is.	Make the requirements more explicit.  Give more specific guidance on what is to be reported when the coverage is not the same as the financial statements and when it differs for topic.  Give more guidance for organizations that are not required to disclose consolidated financial statements or even financial statements.

Disclosure	Background to disclosure	Intended purpose of disclosure	What is conveyed in the actual reporting	Findings based on review of reports	Challenges for reporting organizations	Suggested revisions (directional)
<a href="#">102-55 Context Index</a>	Variations have existed since GI	To enable report users to quickly assess the degree to which the reporting organization has included the information required by the GRI Standards and for the selected material topics.	<p>Omissions are not always identified in the Context Index.</p> <p>Specific page numbers are not always given, which creates challenges when the information is disclosed in another report.</p> <p>Material topics not covered by the GRI Standards are not always included.</p> <p>Years are not always included which will become more important as revised Standards are issued.</p>	All 45 reports included a Content Index, but this was possibly a result of the sample being selected from the verified reports list where all reports include a Content Index.	<p>Confused by absence of GRI 103-3 Evaluation of the management approach in the example table, with some then omitting it.</p> <p>Half of reports did not include the Reasons for Omission column despite omitting required disclosures or elements of required disclosures.</p> <p>Limited disclosure of topic Boundary for each material topic.</p>	<p>Remove inclusion of GRI 101 from table as it does not have any reporting disclosures.</p> <p>Include all disclosure requirements of GRI 103 Management Approach into the example table.</p> <p>Suggest inclusion of topic Boundary more explicitly as a column perhaps.</p> <p>Split tables between GRI 102 General Disclosures and topic specific standards, which would allow for different column headings to be used.</p>

Disclosure	Background to disclosure	Intended purpose of disclosure	What is conveyed in the actual reporting	Findings based on review of reports	Challenges for reporting organizations	Suggested revisions (directional)
<a href="#">102-56 External assurance</a>	Requirement to disclose assurance practices has been included since G1	Enables a report user to understand if any external assurance has been obtained and the information that has been assured. This is then expected to increase the degree of confidence the report user has with respect to the information when making decisions.	Although 31 reports indicated that they used assurance services, only 26 referred to the assurance report/ statement/ opinion.	21 out of 45 reports provided information to cover all elements of this disclosure (16 partially reported, and 8 did not report).	Organizations interpret this disclosure to mean that they must obtain external assurance and where they do not, they understand they are not meeting the requirement. They are then confused as to what they are required to disclose.	Provide guidance to explain that obtaining external assurance is not required, and in this situation, it is appropriate for a report that they have no external assurance.

## Annex I. GRI 102: General Disclosures and status for revision

Group	#	Description	Option	Revision	Comments
Organizational profile	102-1	Name of the organization	Core	Undecided	Change to legal name of organization
Organizational profile	102-2	Activities, brands, products, and services	Core	Undecided	Dependent upon further research
Organizational profile	102-3	Location of headquarters	Core	NO	
Organizational profile	102-4	Location of operations	Core	NO	
Organizational profile	102-5	Ownership and legal form	Core	Undecided	Dependent upon further research
Organizational profile	102-6	Markets served	Core	Undecided	Dependent upon further research
Organizational profile	102-7	Scale of the organization	Core	YES	
Organizational profile	102-8	Information on employees and other workers	Core	YES	
Organizational profile	102-9	Supply chain	Core	YES	
Organizational profile	102-10	Significant changes to the organization and its supply chain	Core	YES	
Organizational profile	102-11	Precautionary Principle or approach	Core	Undecided	Dependent upon further research
Organizational profile	102-12	External initiatives	Core	Undecided	Dependent upon further research
Organizational profile	102-13	Membership of associations	Core	Undecided	Dependent upon further research
Strategy	102-14	Statement from senior decision-maker	Core	Undecided	Dependent upon further research
Strategy	102-15	Key impacts, risks, and opportunities	Comp	Undecided	Dependent upon further research
Ethics & integrity	102-16	Values, principles, standards, and norms of behavior	Core	Undecided	Dependent upon further research
Ethics & integrity	102-17	Mechanisms for advice and concerns about ethics	Comp	Undecided	Dependent upon further research
Governance	102-18	Governance structure	Core	YES	
Governance	102-19	Delegating authority	Comp	YES	
Governance	102-20	Executive-level responsibility for economic, environmental, and social topics	Comp	YES	

Group	#	Description	Option	Revision	Comments
Governance	102-21	Consulting stakeholders on economic, environmental, and social topics	Comp	YES	
Governance	102-22	Composition of the highest governance body and its committees	Comp	YES	
Governance	102-23	Chair of the highest governance body	Comp	YES	
Governance	102-24	Nominating and selecting the highest governance body	Comp	YES	
Governance	102-25	Conflicts of interest	Comp	YES	
Governance	102-26	Role of highest governance body in setting purpose, values, and strategy	Comp	YES	
Governance	102-27	Collective knowledge of highest governance body	Comp	YES	
Governance	102-28	Evaluating the highest governance body's performance	Comp	YES	
Governance	102-29	Identifying and managing economic, environmental, and social impacts	Comp	YES	
Governance	102-30	Effectiveness of risk management processes	Comp	YES	
Governance	102-31	Review of economic, environmental, and social topics	Comp	YES	
Governance	102-32	Highest governance body's role in sustainability reporting	Comp	YES	
Governance	102-33	Communicating critical concerns	Comp	YES	
Governance	102-34	Nature and total number of critical concerns	Comp	YES	
Governance	102-35	Remuneration policies	Comp	YES	
Governance	102-36	Process for determining remuneration	Comp	YES	
Governance	102-37	Stakeholders' involvement in remuneration	Comp	YES	
Governance	102-38	Annual total compensation ratio	Comp	YES	
Governance	102-39	Percentage increase in annual total compensation ratio	Comp	YES	
Stakeholder engagement	102-40	List of stakeholder groups	Core	NO	
Stakeholder engagement	102-41	Collective bargaining agreements	Core	YES	

Group	#	Description	Option	Revision	Comments
Stakeholder engagement	102-42	Identifying and selecting stakeholders	Core	Undecided	May be impacted by any changes to the reporting principles
Stakeholder engagement	102-43	Approach to stakeholder engagement	Core	Undecided	May be impacted by any changes to the reporting principles
Stakeholder engagement	102-44	Key topics and concerns raised	Core	Undecided	May be impacted by any changes to the reporting principles
Reporting practice	102-45	Entities included in the consolidated financial statements	Core	YES	
Reporting practice	102-46	Defining report content and topic Boundaries	Core	Undecided	May be impacted by any changes to the reporting principles
Reporting practice	102-47	List of material topics	Core	Undecided	May be impacted by any changes to the reporting principles
Reporting practice	102-48	Restatements of information	Core	Undecided	Require confirmation when there are no restatements
Reporting practice	102-49	Changes in reporting	Core	Undecided	Require confirmation when there are no significant changes
Reporting practice	102-50	Reporting period	Core	NO	
Reporting practice	102-51	Date of most recent report	Core	NO	
Reporting practice	102-52	Reporting cycle	Core	NO	
Reporting practice	102-53	Contact point for questions regarding the report	Core	NO	
Reporting practice	102-54	Claims of reporting in accordance with the GRI Standards	Core	Undecided	This may be impacted by changes to the reporting model
Reporting practice	102-55	GRI content index	Core	YES	This may be impacted by changes to the reporting model
Reporting practice	102-56	External assurance	Core	YES	