Transitioning to Global Reporting Initiative (GRI) Standards
With the increasing need for organizations to showcase their commitment towards sustainable development and disclose on their business impacts to their stakeholders, increasing number of organizations have started reporting on their performance across all three pillars of sustainability, i.e., economic, environmental and social aspects. Sustainability, as a holistic concept, is providing businesses the opportunity to identify and incorporate innovative solutions across all their policies, procedures and decisions in support of sustainable development.

The Global Reporting Initiative (GRI) is an international independent organization that helps public and private entities worldwide to understand and communicate the impacts of their business practices, including environment, economic and social impacts, such as climate change, human and labor rights, corruption, community etc.

**About the GRI Standards**
The first global Standards for sustainability reporting were developed by the Global Sustainability Standards Board (GSSB) and launched in October 2016 by GRI. These latest reporting Standards have been designed with a modular structure so that they can be kept up-to-date and relevant as required. The GRI Standards will be effective for reports published on or after 1 July 2018; however, early adoption by organizations is encouraged by GRI.

**Evolution of the GRI Standards**
The new modular structure includes 36 standards, including 3 universal standards that are applicable to all organizations, and 33 topic-specific standards divided across three series (Economic, Environmental and Social). The topic-specific standards are applicable depending on the material topics identified by the organization.
The flow diagram below depicts the approach to be adopted by any organization intending to report on its sustainability performance using the latest Standards:
How are the GRI Standards different from the GRI G4 guidelines?

1. **Revised terminology and numbering**
   - ‘Indicator’ -> ‘Disclosure’ (covers both qualitative and quantitative disclosures)
   - ‘Aspect’ -> ‘Topic’ (refers to all economic, environmental or social topics, whether covered by the GRI Standards or not)
   - Disclosures on management approach (DMA)’ -> ‘Management Approach Disclosures’ and the Management Approach is presented as a separate standard now, i.e., GRI 103: Management Approach

2. **Clarification in Materiality Principle**
   - The following concepts with respect to the Materiality Principle have been clarified further in the Standards:
     - The term ‘impacts’ refers to the effects an organization has on the economy, the environment, and/or society – which in turn can indicate its contribution (positive or negative) to sustainable development. It does not refer to an effect upon an organization, such as a change to its reputation.
     - To apply the materiality principle, organizations are required to identify material topics based on the two dimensions, i.e. the significance of the organization’s economic, environmental, and social impacts (as per the definition of ‘impacts’ provided), and their substantive influence on the assessments and decisions of stakeholders

3. **Changes in the concept of ‘Boundary’**
   - The topic boundary now requests a description of ‘where the impacts occur’ for each material topic, and ‘the organization’s involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.

4. **New Disclosure formats**
   - A new format has been stated inside each Standard with clearer requirements. This includes:
     - Reporting ‘requirements’ – These are mandatory instructions. In the text, requirements are presented in bold font and indicated with the word ‘shall’. An organization is required to comply with all applicable requirements in order to make a claim that its report has been prepared in accordance with the GRI Standards
     - Reporting ‘recommendations’ – Actions that are encouraged by GRI for organizations to report on, but not required. has been prepared in accordance with the GRI Standards
     - ‘Guidance’ – Typically includes background explanations and examples to help organizations better understand the requirements.
### Changes in reporting aspects

<table>
<thead>
<tr>
<th>GRI G4 Guidelines Title</th>
<th>GRI Standards Title</th>
<th>Number of Disclosures Changed&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Revised Disclosure</td>
</tr>
<tr>
<td><strong>General Standard Disclosures</strong></td>
<td>GRI 102- General Disclosures</td>
<td>13</td>
</tr>
<tr>
<td><strong>Specific Standard Disclosures: Category-Economic</strong></td>
<td>Economic- GRI 200 Series</td>
<td>2</td>
</tr>
<tr>
<td><strong>Specific Standard Disclosures: Category-Environment</strong></td>
<td>Environment- GRI 300 Series</td>
<td>5</td>
</tr>
<tr>
<td><strong>Specific Standard Disclosures: Category-Social</strong></td>
<td>Social- GRI 400 Series</td>
<td>14</td>
</tr>
</tbody>
</table>

<sup>a</sup>Discontinued Indicators:

- **G4-EN27**: Extent of impact mitigation of environmental impacts of products and services
- **G4-EN30**: Significant environmental impacts of transporting products and other goods and materials for the organization’s operations, and transporting members of the workforce

Key considerations for organizations adopting the GRI Standards-based reporting

For new reporters:
– Organizations planning to develop sustainability disclosures for the first time, should consider being early adopters of the GRI Standards. This enables organizations to highlight their commitment to sustainability in a more effective manner with their stakeholders.
– Identify key material issues and sustainability information to be disclosed using the disclosures from GRI Standards – The disclosures in the Standards have been designed to enable organizations new to sustainability reporting, to structure relevant information for inclusion in a concise report or as a part of an existing communication, allowing organizations to gradually shift towards developing a detailed ‘in accordance’ set of disclosures.

For existing reporters:
– Compare existing reporting processes and approach to align to GRI Standards – Organizations currently reporting using G4 guidelines, should compare their existing reporting approach and material issues to ensure they are in alignment with the Standards’ requirements. As most of the content from G4 has been retained in the GRI Standards, transitioning would require relatively minimal effort for existing reporters.
– Organizations already reporting using G4 guidelines should take early steps to begin transitioning to the GRI Standards, prior to the deadline for mandatory adoption of the GRI Standards of 1 July 2018. Early adoption of the Standards is also being encouraged by GRI.
What does KPMG offer?

**Working together:** KPMG works alongside other KPMG member firm professionals from tax, audit and advisory including sector specialists, management consultants, tax accountants and experts in IT, supply chain, infrastructure, international development and more.

Our clients benefit from a hand-picked multidisciplinary team, instead of receiving one-size-fits all solutions.

**Experience in Sustainability:** KPMG have extensive experience, both locally and globally, in sustainability, including developing sustainability strategies and sustainability reports for both public and private entities. This expertise is leveraged to provide leading solutions in sustainability for clients across all sectors.

KPMG firsts in the UAE: Some of our local credentials and associations include:

- **Year of Giving (CSR):** Developing the technical criteria for CSR Index, CSR Mark, CSR Passport and PMO support for the Ministry of Economy
- **Sustainability report advisory:** First GRI Standards sustainability report globally in the Roads and Public Transportation Sector, for the Roads and Transport Authority 2016
- **Sustainability report assurance:** First ever Sustainability Assurance for Dubai Electricity and Water Authority’s 2015 sustainability report. KPMG is the ONLY Big 4 Accounting firm in the UAE to be a licensed provider for AccountAbility’s AA1000 sustainability assurance engagement standards.
- **UN Global Compact:** External Process Advisor for the first ever SDG Awards – UAE network
- **GRI Training:** First ever GRI Standards certified training in the GCC
- **In house training** - GRI G4 certified course at Roads and Transport Authority and Emirates National Oil Company

For more details, please visit the Sustainability Services page

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