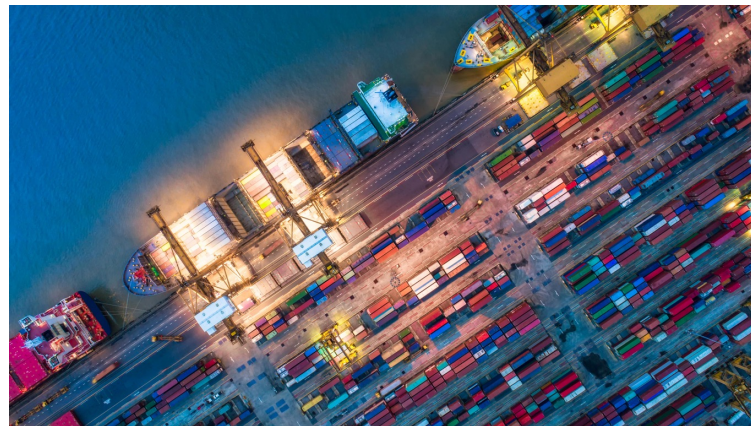


The Relevance of GRI 2021 Standards for the Supply Chain



Gwendolen B. White, PhD, CPA (Indiana, Inactive)
Lead Trainer and Consultant



About ISOS Group.

ISOS Group is dedicated to empowering the next generation of sustainability professionals.

We are a leading sustainability services agency that helps drive value creation for some of the world's most innovative brands. Our team guides and supports clients in enhancing their competitive leadership through business practices that deepen engagement, accelerate action and make a lasting contribution to the well-being of all their stakeholders, society and the planet.

ISOS Group is proud to be a Certified B Corporation.



I. Global Reporting Initiative (GRI)

Brief History

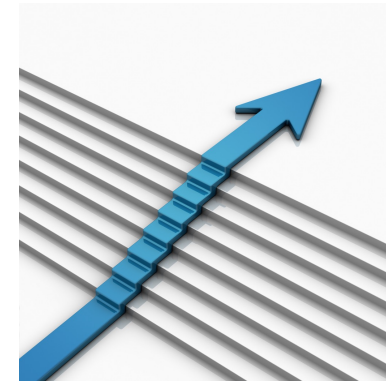


- Evolution of Organization and Demand for Reporting
 - 1997 Founded in Boston (USA)
 - Public outcry over environmental damage of Exxon Valdez oil spill
 - Roots
 - CERES and Tellus Institute (with involvement of UN Environment Programme)
 - First accountability mechanism
 - Ensure companies adhere to responsible environmental conduct principles
 - Broadened to include social, economic and governance issues
 - First global framework for sustainability reporting
 - 2000 GRI Guidelines G1 published
 - Updates - G2 (2002), G3 (2006) and G4 (2013)
 - First global standards for sustainability reporting
 - 2016 GRI Standards
 - 2021 Updated

I. Global Reporting Initiative (GRI)

Demand for Reporting is Growing

- Pressing global challenges remain
 - Climate change, human rights, economic disparity
- Investors see links between environmental and social risks
 - Opportunities for climate and sustainable finance
- Companies' need to provide solutions and measure progress



I. Global Reporting Initiative (GRI)

Relevance Today

- Benefits to Organizations and Stakeholders
 - Management tool for risk mitigation
 - Measure progress on strategy, goals
 - External and internal communication



I. Global Reporting Initiative (GRI)

Prevalence

- KPMG Survey of Sustainability Reporting 2022
 - 78% of the G250 use GRI Standards for reporting (73% in 2020)
 - GRI only reporting standards used by majority companies in survey (5800) in all regions
 - 75% in the Americas
 - 68% in Asia-Pacific and Europe
 - 62% in ME & Africa



II. Structure of GRI Standards

Universal Standards – Apply to all reporters

- GRI 1 Foundation – Principles & requirements
- GRI 2 General Disclosures - Organization's details
- GRI 3 Material Topics – Determining significant impacts



Sector Standards – Apply to reporters if in these sectors

- GRI 11 Oil and Gas
- GRI 12 Coal
- GRI 13 Agriculture, Aquaculture and Fishing



Topic Standards – Apply to reporters when organization's impact is significant

- Economic
- Environmental
- Social



Topic Standards – 31 in total

Economic:

- 201 Economic Performance
- 202 Market Presence
- 203 Indirect Economic Impacts
- 204 Procurement Practices
- 205 Anti corruption
- 206 Anti-competitive Behavior
- 207 Tax

Environmental:

- 301 Materials
- 302 Energy
- 303 Water & Effluents
- 304 Biodiversity
- 305 Emissions
- 306 Waste (2020)
- 308 Supplier Environmental Assessment

Social:

- 401 Employment
- 402 Labor/Management Relations
- 403 Occupational Health & Safety
- 404 Training & Education
- 405 Diversity & Equal opportunity
- 406 Non-discrimination
- 407 Freedom of association & collective bargaining
- 408 Child labor
- 409 Forced & compulsory labor
- 410 Security Practices
- 411 Rights of indigenous peoples
- 413 Local Communities
- 414 Supplier Social Assessment
- 415 Public Policy
- 416 Customer Health & Safety
- 417 Marketing and Labeling
- 418 Customer Privacy

Highlights – Likely relevant in supply chain

III. Relevance to Supply Chain

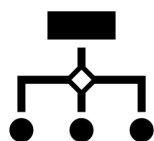
GRI 2 General Disclosures – Organization's Details

Required for all reporters



Activities and Workers

Value Chain, Types of Workers



- Governance
Structure and Role in Sustainability



- Strategies, Policies and Practices
Approaches to Sustainability



- Stakeholder Engagement
Approach to Engagement
Collective Bargaining



III. Relevance to Supply Chain

Dairy Industry Value Chain

Life Cycle Analysis (LCA)

Feed
Production



Milk
Production



Processing



Packing



Distribution



Retail



Consumer



Enables evaluation of potential environmental and social impacts along value chain

Likely impacts

- GHG Emissions

- Water

- Waste

- Child Labor

- Forced Labor

III. Relevance to Supply Chain

Topic Disclosures – Environmental

GRI 302: Energy 2016

GRI 303: Water and Effluents 2018

GRI 305: Emissions 2016

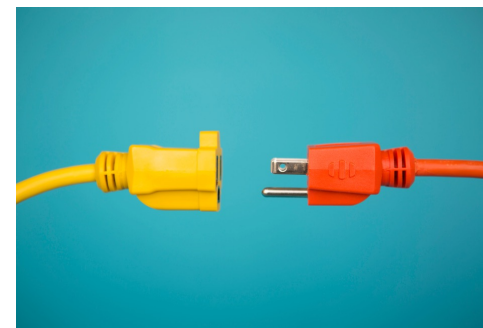
GRI 306: Waste 2020

GRI 308: Supplier Environmental Assessment 2016

III. Relevance to Supply Chain

Topic Disclosures – Environmental

GRI 302: Energy 2016



- Disclosure 302-1 Energy consumption within the organization
- Disclosure 302-2 Energy consumption outside of the organization
- Disclosure 302-3 Energy intensity
- Disclosure 302-4 Reduction of energy consumption
- Disclosure 302-5 Reductions in energy requirements of products and services

III. Relevance to Supply Chain

Topic Disclosures – Environmental

GRI 303: Water and Effluents 2018

- Disclosure 303-1 Interactions with water as a shared resource
- Disclosure 303-2 Management of water discharge-related impacts
- Disclosure 303-3 Water withdrawal
- Disclosure 303-4 Water discharge
- Disclosure 303-5 Water consumption



III. Relevance to Supply Chain

Topic Disclosures – Environmental

GRI 305 Emissions

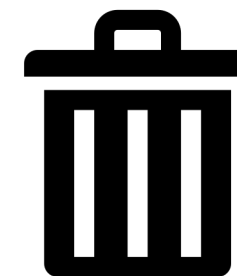


- Disclosure 305-1 Direct (Scope 1) GHG emissions
- Disclosure 305-2 Energy indirect (Scope 2) GHG emissions
- Disclosure 305-3 Other indirect (Scope 3) GHG emissions
- Disclosure 305-4 GHG emissions intensity
- Disclosure 305-5 Reduction of GHG emissions
- Disclosure 305-6 Emissions of ozone-depleting substances (ODS)
- Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

III. Relevance to Supply Chain

Topic Disclosures – Environmental

GRI 306: Waste 2020



- Disclosure 306-1 Waste generation and significant waste-related impacts
- Disclosure 306-2 Management of significant waste-related impacts
- Disclosure 306-3 Waste generated
- Disclosure 306-4 Waste diverted from disposal
- Disclosure 306-5 Waste directed to disposal

III. Relevance to Supply Chain

Topic Disclosures – Environmental



GRI 308: Supplier Environmental Assessment 2016

- Disclosure 308-1 New suppliers that were screened using environmental criteria
- Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken

III. Relevance to Supply Chain

Topic Disclosures – Social

GRI 408: Child Labor 2016

GRI 409: Forced or Compulsory Labor 2016

GRI 414: Supplier Social Assessment 2016



III. Relevance to Supply Chain

Topic Disclosures – Social

GRI 408: Child Labor 2016



- Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor



III. Relevance to Supply Chain

Topic Disclosures – Social

GRI 409: Forced or Compulsory Labor 2016

- Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor



III. Relevance to Supply Chain

Topic Disclosures – Social

GRI 414: Supplier Social Assessment 2016

- Disclosure 414-1 New suppliers that were screened using social criteria
- Disclosure 414-2 Negative social impacts in the supply chain and actions taken





III. Relevance to Supply Chain

Topic Disclosures – Social

Example: Ford

Disclosure 414-1 New suppliers that were screened using social criteria

- In 2021, COVID-19 restrictions continued to impact our ability to conduct onsite supplier audits. Due to country and regional shutdowns and site-level safety measures, we had limited access to our planned supplier sites to conduct audits. To provide greater accessibility and flexibility with scheduling, we worked with the Responsible Business Alliance (RBA) in 2020 to develop a remote supplier audit process, including RBA external validation and certification. We utilized the remote audit process for a portion of our 2021 audits, contributing to the completion of 75% of our planned initial audits for the year. The remaining 25% of initial supplier audits are scheduled for completion in early 2022. We conducted audits across a range of high-risk suppliers in 2021 and helped them to improve working conditions at their plants. Ford's auditee list included suppliers representing a broad range of commodity groupings from all regions of the world that were identified using our risk assessment process.

Disclosure 414-2 Negative social impacts in the supply chain and actions taken

- [Human Rights Report 2022](#) > Auditing our supply chain, page 16
In the period covered by the report, no suppliers were terminated for negative impacts.

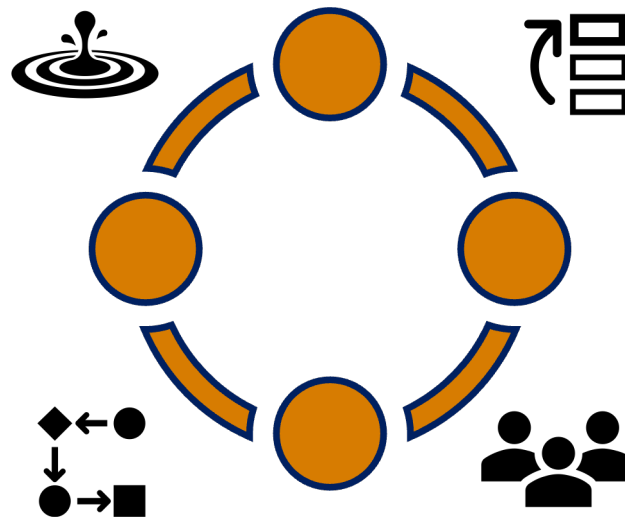
<https://corporate.ford.com/content/dam/corporate/us/en-us/documents/reports/human-rights-report.pdf>

III. Relevance to Supply Chain

GRI Key Concepts

Impact - effect an organization has or could have on the economy, environment, and people, including effects on their human rights.

Due diligence - process through which an organization identifies, prevents, mitigates, and accounts for how it addresses its actual and potential negative impacts on the economy, environment, and people, including impacts on their human rights.



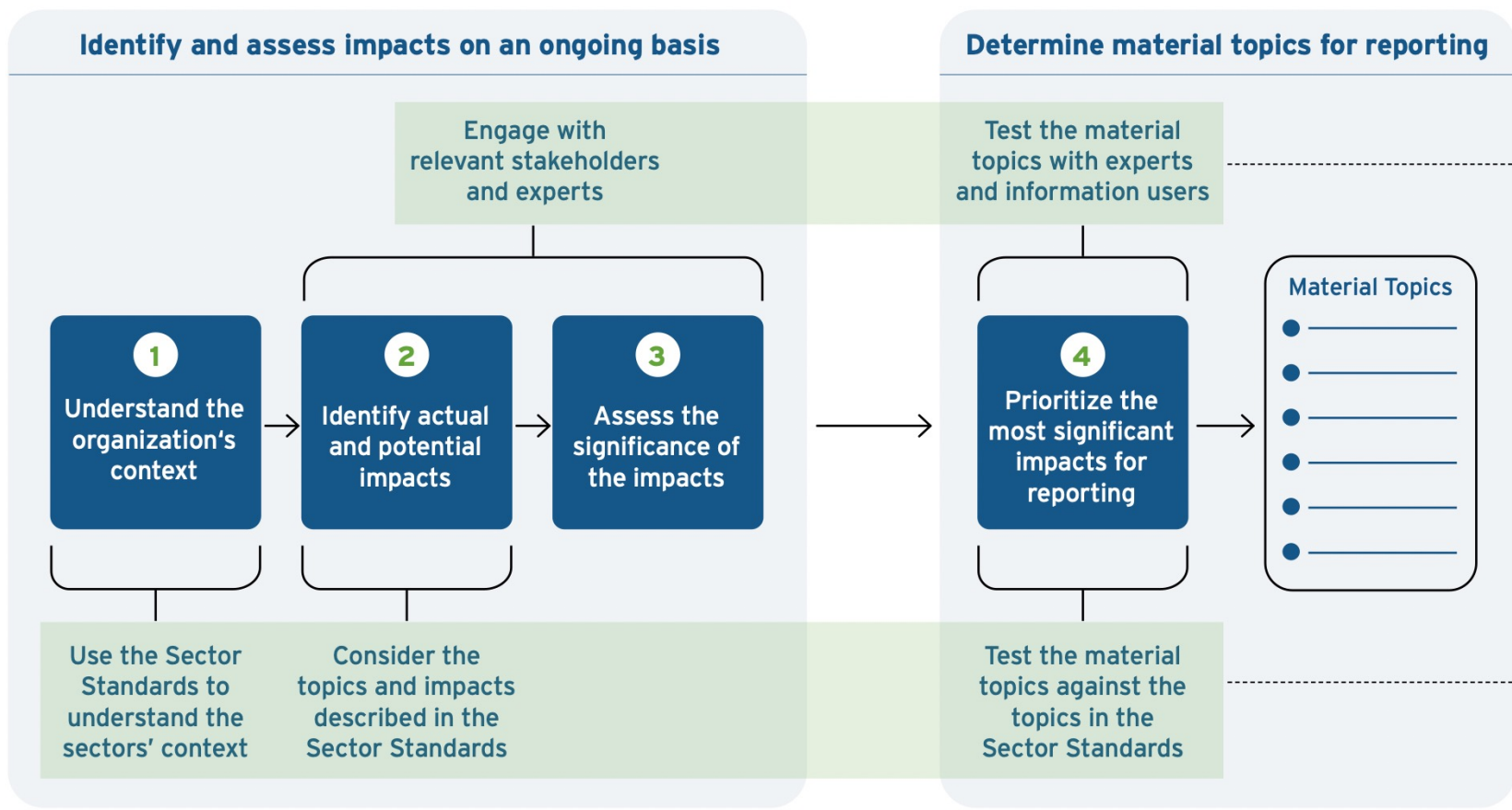
Material Topic - represent its most significant impacts on the economy, environment, and people, including impacts on their human rights.

Stakeholders - individuals or groups that have interests that are affected or could be affected by an organization's activities.

III. Relevance to Supply Chain

Case Study: 2022 Materiality Guide for U.S. Dairy

Figure 1. GRI Process to Determine Material Topics



The 2021 Materiality Assessment for U.S. Dairy integrated input from a wide range of experts and stakeholders at multiple points in the process and through different methods.

The national assessment considered the sector-specific standards and guidance issued by GRI and SASB (Sustainability Accounting Standards Board).

The assessment not only serves as sector-specific input in the identification and assessment of topics but also provides input for the prioritization of the topics, supporting further contextualization at the U.S. dairy farm and processor levels.

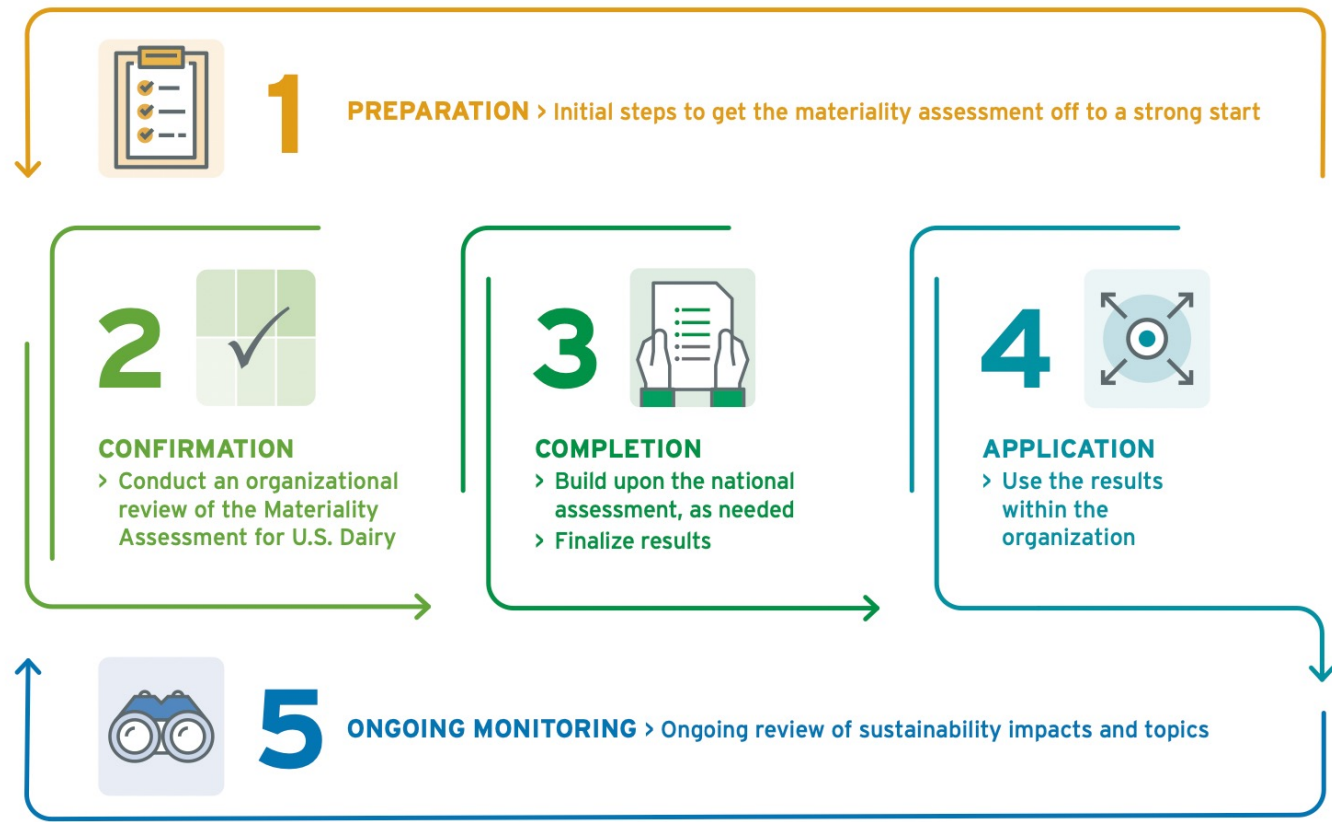
Source: Global Reporting Initiative. GRI Universal Standards. GRI 3: Material Topics 2021, 102.

III. Relevance to Supply Chain

Materiality Assessment Process

The diagram below outlines the stages of a simplified approach for dairy companies to conduct an initial organization-level assessment by leveraging the results of the Materiality Assessment for U.S. Dairy. The process involves five main stages (Preparation, Confirmation, Completion, Application and Ongoing Monitoring).

Figure 4. High-Level Assessment Process



Thank you!

Questions?

Interested in attending one of our trainings?

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Discount code **XMMX47L**