Sustainability Reporting using the GRI Taxonomy

Paul Hulst, Deloitte
Outline

• Value GRI Taxonomy for sustainability reporting
• Introduction to the GRI Taxonomy
• Using the GRI taxonomy in sustainability reporting
• Example: The Deloitte Sustainability Report
• Conclusion
Speaker

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Senior XBRL Specialist

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• Deloitte Innovation XBRL Team
• Involved in XBRL since 2007
• GRI - taxonomy architect
• Dutch Government - taxonomy design for grant requests using XBRL formula
• Deloitte - XBRL instance creation application design
• Dutch Association of Accountants - Assurance Taxonomy Design
Value of the GRI Taxonomy for sustainability reporting
Value of XBRL for sustainability reporting

**Standard setters**

- **Consistency of reporting standards:** The taxonomy acts as a structured dictionary, providing an explicit definition for each data element that can easily be shared to assure consistent interpretation.

**Reporting organisations**

- **Reusability:** XBRL offers format optimized to reuse it for multiple reports.
- **XBRL as a basis for automated tools which improve internal data collection processes and eliminates the manual processes of validation, re-entry, and comparison.**

**Rating Agencies**

- **Accuracy:** The taxonomy specifies the meaning and rules of valid data, while automated tools can insure the compliance with the taxonomy.
- **Efficiency:** By combining taxonomies and XML-based documents, automated tools can be used effectively to eliminate manual processes.

**Investors and Analysts**

- **Accuracy and traceability:** Data is provided with a taxonomy providing clearly defined information for a data element reported on.
The business value of the GRI Taxonomy

http://www.youtube.com/watch?v=LsRVfaLSbNI
Introduction to the GRI Taxonomy
Introduction to the GRI Taxonomy

The Global Reporting Initiative (GRI) is a non-profit organisation that provides a comprehensive sustainability reporting framework that is widely used around the world.

GRI’s sustainability reporting framework is covered by the GRI Taxonomy.

Scope of the GRI Taxonomy

GRI’s Sustainability Reporting Guidelines

- Strategy and Profile
  1. Strategy and Analysis
  2. Organizational Profile
  3. Report Parameters (GRI content Index)
  4. Governance, Committees, and Engagement
  5. Management Approach and Performance Indicators

- Economic (EC1 – EC9)
- Environmental (EN1 – EN30)
- Social
  - Labor Practices and Decent Work (LA1 – LA14)
  - Human Rights (HR1 – HR9)
  - Society (SO1 – SO8)
- Product Responsibility (PR1 – PR9)
All data included in GRI Taxonomy

GRI’s sustainability reporting framework:

1. Relevance
   This measure is one indication of the extent to which human rights are integrated in an organization’s economic decisions. This is particularly relevant for organizations that operate within or are partners in ventures in regions where the protection of human rights is of significant concern. Integrating human rights criteria in screening or including human rights in performance requirements can be part of a strategy to reduce the risks of investment. Problems with an organization’s human rights record can result in reputational damage for the investing organization and can affect the stability of investments.

2. Compilation
   2.1 Count only the agreements that are significant in terms of size or strategic importance. The significance may be determined by the level of approval required within the organization for the investment or other criteria that can be consistently applied to agreements. The reporting organization should define the "Definition or:

   **Significant agreements**.

   2.2 Identify the total number of significant investment agreements finalized during the reporting period that either moved the organization into a position of ownership in another entity or initiated a capital investment project that was material to financial accounts.

   2.3 If multiple significant investment agreements are undertaken with the same partner, the number of the agreements should reflect the number of separate projects undertaken or entities created.

   2.4 Report the total number of **significant investment agreements** that include human rights clauses or that underwent human rights screening.

3. Definitions
   Human rights clauses
   Specific terms in a written agreement that define minimum expectations of performance with respect to human rights as a requirement for investment.

   Human rights screening
   A formal or documented process that applies a set of human rights performance criteria as one of the factors in determining whether to proceed with an investment.

4. Documentation
   Potential information sources include the reporting organization’s legal, investor relations, and financial departments, as well as documentation collected through quality management systems.

5. References

   Every reportable data element has:
   - a unique tag
   - data type definition
   - labels, multiple languages and types
   - a reference to its location in the GRI Guidelines
Using the GRI taxonomy in sustainability reporting
Why Deloitte publishes the XBRL Sustainability Report

Advantages over traditional reporting:

• Improved correctness and completeness of the report by validating each data point reported against the GRI Taxonomy

• XBRL instances facilitates data comparability
  – important to all stakeholders

• XBRL instances contains all data
  – no reference to other source of information (e.g. financial report)
  – all information is in this report

Using the GRI taxonomy is a step forward in providing more accurate, reliable and transparent sustainability information
Using the GRI Taxonomy in sustainability reporting

- Define scope of report
- Setup template
- Fill template

Data Collection

- Validate data
- Generate instance
- Validate instance

Validation

- Document

External validation

- Assurance

Sign-off

Monitor

Define

Report

Connect

Prepare
Example:
Deloitte Sustainability Report
Data collection

Define scope of the report

• Decision had made which version of GRI guidelines to use:
  • Use G3, no sector supplement applicable

• Choose alignment of PDF version and XBRL version of sustainability report
  • Derived of, meaning:
    • the XBRL instance is a complete GRI sustainability report
    • all information in the GRI XBRL sustainability report can be found in the GRI PDF sustainability report, either directly or indirectly

• Not all information in the GRI PDF sustainability report is also in the GRI XBRL sustainability report
Data collection
Setup template

• GRI Content Index Table from previous report
  • Retrieve which standard disclosures, management approaches and indicators are reported

• Adjust this set for this year (e.g. additional items to include)

• Retrieve from the GRI Taxonomy the reportable items for that set

• Build template for those reportable items, including dimensional aspects, to help non-XBRL experts capture the actual data reported
Data collection

Fill template

• Collect data, numerical and textual

• Connect data to dimensions (where applicable), i.e. define the dimension members for data collected.
  • e.g. Contributions to government per country
## Data collection

**Fill template, example 1**

**Data Collection Validation**

**External validation**

**Sign-off**

<table>
<thead>
<tr>
<th>URL: <a href="http://www.globalreporting.org/G3/report/2012-Strategy/ProfileDisclosure">http://www.globalreporting.org/G3/report/2012-Strategy/ProfileDisclosure</a></th>
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### Operational Structure

<table>
<thead>
<tr>
<th>Operational structure of the organization</th>
<th>Governance</th>
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</thead>
<tbody>
<tr>
<td>Responsibility for our sustainability agenda and related activities falls to the Executive Board, that is in turn guided by the Supervisory Board. Deloitte has created an internal Sustainability Board to safeguard the implementation of sustainability as an integral part of our business. This board consists of representatives from all our business functions as well as specialists and issue owners within Deloitte. The Sustainability Team within Deloitte Innovation has an external focus and is tasked to develop innovative solutions to sustainability challenges affecting our clients. Our internal Sustainability Office co-ordinates and supervises our internal sustainability priorities. Finally, it is the responsibility of our functions to deliver our sustainability services to the client in an integrated manner.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Headquarters Location Title</th>
<th>Headquarters [abstract]</th>
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<tr>
<td>Location of organizations headquarters [abstract]</td>
<td>Deloitte</td>
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<table>
<thead>
<tr>
<th>Street Name</th>
<th>Wilhelminakade</th>
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<tbody>
<tr>
<td>City Name</td>
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<tr>
<td>Country Name</td>
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</table>

<table>
<thead>
<tr>
<th>Major Operations Sustainability Issues Title</th>
<th>Countries where the organization operates and has either major operations or that are specifically relevant to the sustainability issues [abstract]</th>
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<tbody>
<tr>
<td>Overall description of countries where the organization operates and has either major operations or that are specifically relevant to the sustainability issues</td>
<td>Scope</td>
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</table>

<table>
<thead>
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<th>Number of countries where the organization operates and has either major operations or that are specifically relevant to the sustainability issues</th>
<th>Overview of countries where the organization operates and has either major operations or that are specifically relevant to the sustainability issues</th>
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Data collection

Fill template, example 2

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<td>gni-d</td>
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<td></td>
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<td>Name of products or services provided</td>
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<td></td>
<td>gni-c</td>
<td>ProductServiceProvidedQuantity</td>
<td>Quantity of products or services provided</td>
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<td>Tax</td>
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<td>ProductOrServiceProvided-3</td>
<td>Consulting</td>
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<td>Financial Advisory Services</td>
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Validation

Validate data

• Collect missing information to fully comply with GRI Guidelines:
  • e.g. information on training employees on corruption

• Check data with definitions in GRI Taxonomy
  • e.g. enumeration for type of reasons defined for not reporting

• Conversion of data to comply with GRI Guidelines (expressed in the GRI Taxonomy,)
  • e.g. training days to training hours
Validation

Generate instance (1)

Options explored:
• Sustainability reporting application capable of creating instance
  – Doesn’t exist (yet)

• Generic XBRL instance
  – Too labour intensive
  – Not exchangeable with non-XBRL experts

• Deloitte internal mapping based instance generator
Validation
Generate instance (2)

Deloitte internal, mapping based, instance generator
Validation

Validate instance

Technically

- XBRL specification
- FRIS

Content

- GRI preparer guide: e.g. choice of entity identifier used
- Matching: data in GRI XBRL sustainability report must be the same as data in GRI PDF sustainability report
External validation

Document

Internal Audit Department

• Instance
• Rendered view
• Explanation of differences between XBRL version and PDF version:
  • taken from financial report
  • recalculation of data from sustainability or financial report

External

Explanatory document posted on Deloitte website:

• extensive documentation of calculation methods
• clarification of recalculations
• clarification of assurance
• clarification which document prevails in case of discrepancies
Sign-off

Decide on getting external assurance for the GRI sustainability report
• External assurance on the PDF version, not on the XBRL version

Sign-off by management of the sustainability report
• Based on sign-off by Internal Audit Department
Lessons learned
Lessons learned (1)

• Overall the approach taken worked well:
  • Primary reason is the integrated development of PDF and XBRL version of the sustainability report.
  • Shared view that XBRL data adds value to sustainability report

• Requires multidisciplinary team
  • Sustainability team: Mark van Rijn & Udeke Huiskamp
  • XBRL reporting team: Paul Hulst & Yaqing Sun

• Requires Internal Audit Department having extensive knowledge of XBRL
  • is essential factor in speedy process
Lessons learned (2)

Challenges
• Internal support for the project
  • Using XBRL for sustainability reporting is new.
  • Convincing people that the effort required is worth it took time.
• Keeping the PDF and XBRL version synchronised
  • A lot of people are involved in the creation of the report
  • Last minute changes to texts and numbers

Issues
• Out of the box viewers can’t handle XBRL dimensional model well
  • Need for table linkbase
• XBRL instance generator approach works well enough, but is limited
  • Template creation lot of work, taxonomy specific
  • Template usage is difficult in multi dimension structures
• Better checking of report required: typos exist
Lessons learned (3)

- One data source, multiple reports
- Use taxonomy to collect data
- Create PDF and XBRL together
- Create PDF first then tag

Size shows the value of the XBRL Taxonomy for both reporter and consumer.
Conclusion
Value of digital data

Example

E&Y NL and Deloitte NL both published a GRI XBRL sustainability report

<table>
<thead>
<tr>
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<tbody>
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<td>Profile [abstract]</td>
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<td>Organizational Profile [abstract]</td>
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<tr>
<td>Name of the organization</td>
<td>Ernst &amp; Young Nederland LLP</td>
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<tr>
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<tr>
<td>Capitalization [abstract]</td>
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<tr>
<td>Equity for private sector organizations</td>
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| 03 - Economic category |

<table>
<thead>
<tr>
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<tr>
<td>Environment performance indicators [abstract]</td>
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<tr>
<td>Direct and Indirect greenhouse gas emissions by weight [abstract]</td>
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<td>Sum of direct and indirect greenhouse gas emissions by weight</td>
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<tr>
<td>Methodology associated with the greenhouse gas emissions data [abstract]</td>
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<table>
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<td>Labor practices and decent work performance indicators [abstract]</td>
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<td>Occupational health and safety aspect [abstract]</td>
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<td>Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region [abstract]</td>
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<tr>
<td>Injury, occupational diseases, lost days, and absentee rates and fatalities [abstract]</td>
<td></td>
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<tr>
<td>Injury, occupational diseases, lost days, and absentee rates and fatalities [line items]</td>
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<tr>
<td>Absentee rate</td>
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<tr>
<td>Workforce [member]</td>
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</table>


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## Added value of GRI Taxonomy

<table>
<thead>
<tr>
<th>Value of GRI Taxonomy</th>
<th>Remarks</th>
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</thead>
</table>
| **Define scope of report** | GRI Taxonomy is used for discussion  
→ Gives insight into the data points needed for a complete report |
| **Setup template** | Template is generated from information and structures in the GRI Taxonomy  
→ Data set will deliver a complete GRI report |
| **Fill template** | GRI Taxonomy provides all relevant reportable data points with clear descriptions  
→ Data will be filled in correctly, i.e. comply with GRI Guidelines |
| **Validate data** | GRI Taxonomy shows the reportable data points with data types and enumerations  
→ Data will be filled in correctly, i.e. comply with GRI Guidelines |
| **Generate instance** | Information from the GRI Taxonomy is used by the XBRL Engine  
→ XBRL is technically compliant with the GRI Taxonomy |
| **Validate instance** | XBRL validators use the GRI Taxonomy to check the instance  
→ XBRL GRI report is valid |
| **Document** | XBRL viewers rely on the presentation linkbase to show the data in the instance.  
→ Reporting organisation knows how the users will see their information |
## Call to Action

<table>
<thead>
<tr>
<th>Standard setters</th>
<th>Reporting organisations</th>
<th>Rating Agencies</th>
<th>Investors and Analysts</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Create</strong> taxonomy as a dictionary to define explicit definitions for each data element that can easily be shared to assure consistent interpretation.</td>
<td>• Be transparent: use the GRI Taxonomy to supply high quality, accessible data</td>
<td>• Ask for digital data from organisations</td>
<td>• Ask for digital data from organisations</td>
</tr>
<tr>
<td>• <strong>Reuse</strong> existing taxonomies</td>
<td>• <strong>Organise</strong> to develop sector supplements &amp; consistent ways of reporting</td>
<td>• Use the GRI Taxonomy based reports to easily retrieve consistent data, without human interpretation and data re-entry errors</td>
<td>• Use the GRI Taxonomy based reports to easily retrieve consistent data, without human interpretation and data re-entry errors</td>
</tr>
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