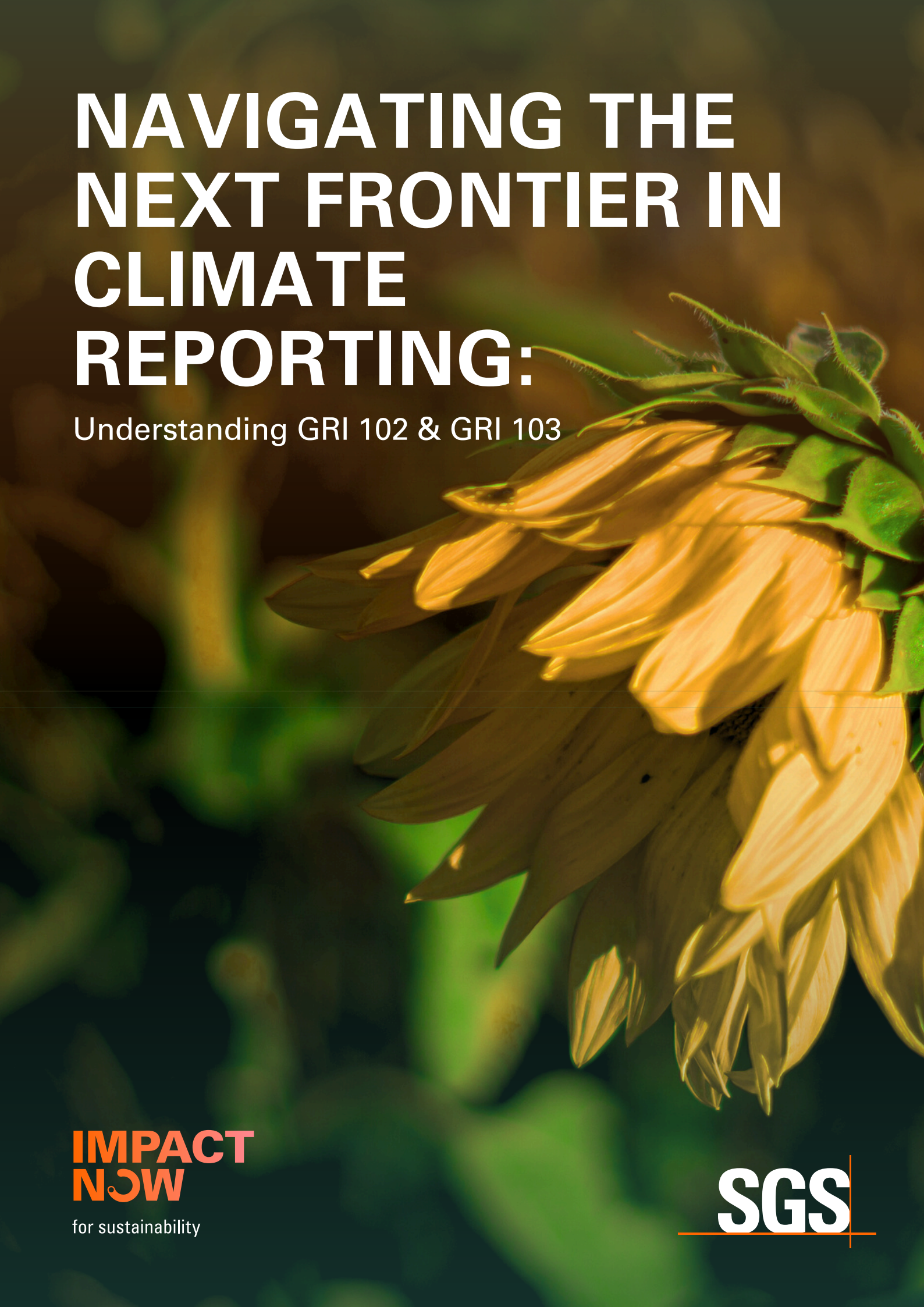

NAVIGATING THE NEXT FRONTIER IN CLIMATE REPORTING:

Understanding GRI 102 & GRI 103

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As the global climate emergency continues to intensify, it is important for major sustainability reporting frameworks to provide for disclosures pertaining to climate. The Global Reporting Initiative (GRI) has introduced two pivotal new sustainability standards: GRI 102: Climate Change and GRI 103: Energy. These standards are designed to enable businesses to report on their climate and energy impacts with scientific rigor, social accountability and strategic relevance.

As a trusted provider of ESG Advisory & Assurance services, we recognize the increasing demand for consistent, decision-useful reporting on climate related matters. We are well positioned to support organizations on their climate action journey. These updates to the GRI Standards arrive at a critical moment amid intensifying climate challenges and mounting stakeholder expectations. In this piece, we attempt to simplify the developments and their implications on reporting organizations.

What's new in the GRI 102: Climate Change (2025)

These are not just updates, but a paradigm shift in the way climate responsibility is framed and disclosed. GRI 102 is a significant step forward in the traditional emissions reporting to a strategic, socially responsible, and future-oriented climate reporting.
The standard provides four pillars that integrate climate action into the core operations of an organization.

1.
The first pillar demands the disclosure of transition and adaptation plans, the clear distinction of governance responsibility and the integration of climate strategy into the overall business planning.

2.
The second pillar puts a just transition in the foreground, which necessitates disclosures of workforce effects, including reskilling, redeployment, and community agreements, particularly regarding indigenous rights.

3.
The third pillar focuses on ambition and transparency that requires gross GHG reduction targets in line with a 1.5-degree celsius pathway and full disclosure of carbon credit usage with quality criteria.

4.
The fourth pillar brings in financial integration, where it is required to report transition and adaptation spending in monetary terms, as a percentage of total spend and broken down into capital expenditure and operational expenditure.

These pillars transform climate reporting into a strategic, inclusive and accountable process. What sets it apart is its strong focus on strategy rather than just statistics.

Implications of GRI 102

GRI's Climate Change (2025) standard marks a new era of climate reporting, integrating strategy, social equity and financial accountability into one cohesive framework. To achieve this benchmark, organizations will have to go beyond mere emissions accounting and show how they systematically manage climate risks and opportunities by presenting well-defined transition and adaptation plans. It emphasizes accountability at the top levels of the organization, requires the disclosure of the effects of a just transition on employees and communities and mandates compliance with science-based targets and international standards, such as IFRS S2 and the GHG Protocol. Collectively, these requirements are significantly raising the bar on climate transparency, requiring companies to integrate climate action into their core business models, disclose Scope 3 emissions and strengthen stakeholder trust with transparent, future-oriented reporting.

Structural Shift – From GRI 305 to GRI 102

	GRI 305 Emissions	GRI 102 Climate Change
Focus	Emissions inventory	Climate strategy & management
Nature	Retrospective	Forward-looking & strategic
Data	Only Scope 1, 2 and 3 emissions	Transition plans, social impact, governance
Missing	Just transition, financial linkage, adaptation	Fully addressed in GRI 102

GRI 103: Energy 2025 - the new energy standard

What's new in GRI 103?

- The GRI 103: Energy (2025) standard provides a more comprehensive, well structured energy reporting standard through increased scope and accountability.
- It requires organizations to make comprehensive disclosures of energy bought, produced and sold, carefully distinguishing between renewable and non-renewable sources, and to extend the scope of reporting beyond internal processes to include both suppliers of the energy and users of the products.
- Companies will thus be required to disclose their energy related policies and show how they align with science based targets and national climate objectives.
- It requires complete openness to the effects of energy practices on workers, communities and ecosystems, both positive and negative.
- It also brings in compulsory energy intensity measures to check the energy efficiency per unit of output or service.
- Energy intensity metrics & energy efficiency ratios, e.g., energy used per unit of product output, service delivered, or revenue generated, should be reported in detail.

Importantly, GRI 103 is closely connected with GRI 102: Climate Change, which supports Scope 1 and 2 emissions reporting and aligns energy reporting with climate transition and adaptation plans.

Implications of GRI 103 - Energy

The GRI 103: Energy (2025) standard presents significant changes in the way organizations measure, manage and report their energy consumption. It changes energy reporting by requiring specific breakdowns of renewable and non-renewable energy throughout the entire value chain, including upstream suppliers and downstream product impacts, changing energy reporting to strategic responsibility.

As a result, organizations are expected to align their energy policies with national ambitions and science based targets and reveal the social and environmental effects of their energy systems. The presence of energy intensity indicators, as well as the combination with GRI 102: Climate Change, makes energy and emissions reporting consistent. Such changes are forcing businesses to reconsider energy consumption as a material topic on climate risk, financial performance and social license, which is raising energy data to the heart of ESG strategy and stakeholder engagement.

Structural Shift – From GRI 302 to GRI 103

	GRI 302	GRI 103
Focus	Internal energy consumption and efficiency, limited to operational footprint.	Holistic view of energy generation, use and sale across the value chain — includes upstream and downstream.
Nature	Retrospective and mostly quantitative; lacked contextual insights.	Strategic, forward-looking and aligned with national and science-based decarbonization targets.
Data	Basic energy use data, often without source differentiation.	Mandatory reporting split by renewable/non-renewable; includes purchased, self-generated and sold energy. Also requires energy intensity ratios.
Missing	No link to climate disclosures; no requirement to report social or biodiversity impacts.	Strong integration with GRI 102 (Climate Change); includes social impacts, community effects and biodiversity considerations.

A step forward in climate accountability

The release of GRI 102: Climate Change and GRI 103: Energy marks a new era in sustainability reporting. These standards elevate transparency, ensure consistency with global frameworks and place human and environmental impacts at the heart of climate disclosures.

Combatting climate change is essential to protect our planet, but navigating the path to meaningful impact can be challenging without expert guidance.

We recognize that tackling climate change requires immediate, credible, and measurable action. That's why we fully support initiatives like IMPACT NOW, which focus on reducing greenhouse gas (GHG) emissions and accelerating the energy transition to achieve net-zero targets.
We commend the Global Reporting Initiative (GRI) for its continued leadership in sustainability reporting.

As sustainability moves from aspiration to action, robust reporting frameworks like these will be vital in driving real progress. In this evolving landscape, third-party assurance and validation are crucial and organizations can count on partners like SGS to help align with GRI's new frameworks and ensure the integrity of their disclosed information. For support in implementing the GRI 2025 standards or implementing IMPACT NOW principles into your strategy, please get in touch with our ESG experts at SGS.

About SGS

We are the world's leading Testing, Inspection and Certification company. Our brand promise - when you need to be sure - underscores our commitment to trust, integrity and reliability.

HOW CAN SGS SUPPORT?

- Develop a climate strategy and targets aligned with global frameworks (e.g., SBTi).
- Develop climate risk and opportunity frameworks, integrating TCFD/ IFRS S-2 recommendations for governance, strategy and risk management.
- Create adaptation and mitigation strategies to address physical and transition risks.
- Facilitate scenario analysis. Climate transition & adaptation plan.
- Design energy efficiency programs, including audits to identify high-energy consumption areas.
- Recommend renewable energy adoption strategies, such as solar or wind power integration.
- Develop policies to reduce energy intensity and improve energy performance across operations.

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