

**GRI 2: General Disclosures - Universal Standard**

Disclosure GRI 2-21

# Annual total compensation ratio

**Framework:** GRI Standards

**Type:** Coverage + narrative

**Regime:** Voluntary

**Effective:** 2023-01-01

## Datapoints & assurance

Datapoint	What to capture	Owner	Risk an assurer probes	Evidence to check
Pay ratio to median	Capture the annual total pay for the top earner and the median annual total pay for all other employees, then calculate the ratio between those two figures. Keep the top earner out of the employee median set.	Reward / Total Rewards	Top earner is not excluded from the median population, so the ratio does not reconcile to payroll and the median is overstated or understated.	Year-end payroll or remuneration schedules, employee population file used for the median, and the calculation workbook showing the excluded top earner.
Pay rise ratio	Capture the year-on-year percentage change in annual total pay for the top earner and the median year-on-year percentage change for all other employees, then express the ratio of those two percentage changes. Keep the top earner out of the employee median set.	Reward / Total Rewards	Percentage change is mixed with absolute pay, or the top earner is included in the employee median change, so the result does not reconcile to payroll and the comparison is distorted.	Current and prior year remuneration data, the employee population file used for the median change, and the calculation workbook showing both percentage movements.
Method and context note	Capture the extra explanation needed to make the figures understandable: what the numbers cover, how they were built, and any key assumptions, exclusions, or calculation choices used.	Reporting / Finance	The narrative omits a scope or method explanation, so readers cannot tell which population, period, or calculation basis the figures were built from.	Calculation methodology note, reporting pack commentary, and sign-off papers showing the scope and main judgments applied.

## How to prepare

- 1 Set the reporting boundary first:** confirm which entity or group the pay comparison covers, and make sure the same boundary is used for both the pay level ratio and the pay-rise ratio.
- 2 Define the comparison groups in plain terms:** identify the one person at the top of the pay scale, then establish the employee population used to calculate the median, leaving that top-paid person out of the employee set for the median calculation.
- 3 Gather the underlying payroll evidence:** collect annual total pay figures for the top-paid individual and for all other employees in scope, plus the year-on-year pay change data needed to work out the percentage increase comparison.
- 4 Calculate the two outputs separately:** work out the ratio between the top-paid individual's annual total pay and the median annual total pay of the employee group, then work out the ratio between the top-paid individual's pay increase percentage and the median pay increase percentage for the rest of the workforce.
- 5 Write the supporting explanation alongside the numbers:** include any context needed to make the figures understandable, and explain the method used to compile them, including any exclusions, adjustments, assumptions, or changes from the prior period that affect comparability.
- 6 Check the final disclosure against the source requirement:** confirm both ratios are shown clearly, the narrative support is complete, and the wording matches the official source in substance even though your presentation is in your own words.

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This LRA assistance tool is designed for educational and internal data-collection purposes. It is not an official interpretation of the GRI Standards, IFRS Sustainability Disclosure Standards or EU CSRD/ESRS requirements. When applying these frameworks in professional practice, users should consult and double-check the official standards, guidance and applicable regulatory sources.

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