



Item 03 – GRI Topic Standard Project for Economic Impact – Project proposal

For GSSB discussion and approval

Date	31 August 2023
Meeting	14 September 2023
Project	GRI Topic Standard Project for Economic Impact – Project proposal
Description	<p>This document sets out the final project proposal to review the GRI Topic Standards portfolio on Economic Impact.</p> <p>The Standards Division has incorporated all GRI Board and Stakeholder Council feedback. The Standards Division will present this proposal to the GSSB for discussion and final approval in accordance with the Due Process Protocol.</p>

This document has been prepared by the GRI Standards Division and is made available to observers at meetings of the Global Sustainability Standards Board (GSSB). It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard setting body of GRI. For more information visit www.globalreporting.org.

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1 Project background

2 As part of the GSSB Work Program 2023-2025, the Global Sustainability Standards Board (GSSB)
3 has identified the review of GRI disclosures on economic impact, including, but not limited to, the
4 revision of *GRI 201: Economic Performance 2016*, *GRI 202: Market Presence 2016*, and *GRI 203:*
5 *Indirect Economic Impacts 2016* for commencement in 2023. The revision of these standards was
6 prioritized by the GSSB based on the feedback of reporters and other standards users. Feedback
7 indicated that the current disclosures are unclear and inconsistently interpreted and would benefit
8 from a thorough content review.

9
10 Since the disclosures in *GRI 201*, *GRI 202*, and *GRI 203* were last updated in 2006 (with the
11 publication of the *GRI G3 Guidelines*), there have been a number of international developments
12 related to how organizations should identify, manage, and report on their impacts on the economy.

13
14 Economic growth and resilience are key themes in the UN's 2030 Agenda for Sustainable
15 Development. Both governments and private sector organizations are being called upon to realize
16 SDG 8 and SDG 9. SDG 8 focuses specifically on decent work and economic growth, and it aims to
17 promote sustained, inclusive, and sustainable economic growth, full and productive employment, and
18 decent work for all.¹ SDG 9 seeks to build resilient infrastructure, promote sustainable
19 industrialization, and foster innovation.²

20
21 In addition, the UN Guiding Principles on Business and Human Rights³ and the OECD Guidelines for
22 Multinational Enterprises on Responsible Business Conduct⁴ set clear expectations for businesses to
23 take responsibility for the impacts they cause and those they contribute to or are linked to their
24 business relationships. In the context of GRI's economic disclosures, organizations are expected to
25 report their impacts on the economic conditions of their stakeholders and economic systems and
26 productive capacity at local, national, and global levels.

27
28 Together, these developments suggest that the content in GRI's economic standards would benefit
29 from a comprehensive review to ensure they align with key international instruments and reflect
30 leading practices in disclosure.

¹ <https://www.un.org/sustainabledevelopment/economic-growth/>

² <https://www.un.org/sustainabledevelopment/infrastructure-industrialization/>

³ https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

⁴ <https://www.oecd-ilibrary.org/docserver/81f92357-en.pdf?expires=1692877646&id=id&accname=guest&checksum=03CB6C5F6EED7122A36237FE35BE4AE9>

31 **Project objectives**

32 The primary objective of this project is to review the existing portfolio of GRI economic impact
33 disclosures and develop a set of new disclosures and standards that represent internationally agreed
34 best practices. The revision must also align with the recent developments and relevant authoritative
35 intergovernmental instruments in the field of economic impact.

36
37 The content and structure of the revised economic impact-related GRI Standards will be guided by the
38 technical framework proposed by the GRI Standards Division (see Table 1). This overarching
39 framework has been designed as an organizing tool for accommodating current and future
40 disclosures related to economic impact.

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42 In line with the stated objectives, the proposed project will consider the following GRI Standards for
43 revision:

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- 45 • *GRI 201: Economic Performance 2016*
- 46 • *GRI 202: Market Presence 2016*
- 47 • *GRI 203: Indirect Economic Impacts 2016*
- 48 • *GRI 204: Procurement 2016*
- 49 • *GRI 205: Anti-competitive Behavior 2016*
- 50 • *GRI 206: Anti-corruption 2016*
- 51 • *GRI 415: Public Policy 2016*
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53 The following series of economic disclosures and standards will not be considered for review or
54 revision as part of this project:

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- 56 • *GRI 201: Economic Performance 2016* (Disclosure 201-2: Financial implications and other
57 risks and opportunities due to climate change). This will be addressed as part of the ongoing
58 revision of the climate-related GRI Topic Standards.
- 59 • *GRI 202: Market Presence 2016* (Disclosure 202-1: Ratios of standard entry level wage by
60 gender compared to local minimum wage). This will be addressed as part of the ongoing
61 revision of the labor-related GRI Topic Standards.
- 62 • *GRI 207: Tax 2019*. This Standard was recently developed and published in 2019 and will
63 only form part of additional project phases.

64 It is also the right moment to start the revision of the economic impact-related disclosures to ensure
65 alignment and consistency with the ongoing revision of the labor and climate change-related
66 disclosures.

Table 1: Technical framework for economic impact disclosures

Theme	Description	Impact channel	Link to GRI Standards
Distributed value	The economic impact of monetary and non-monetary flows of value involving an organization	The value created, received, and distributed by an organization can affect the public fiscus as well as the ability of shareholders, workers, suppliers, and local communities to operate sustainably.	<i>GRI 201</i> <i>GRI 207</i>
Impacts on institutions	The impacts an organization has on the mechanisms that rule market relations and economic exchanges	Individual organizations operate under rules and regulations but can also influence them. This can be through market mechanisms (anti-competitive behavior) or through rules and regulations (public policy, anti-corruption).	<i>GRI 205</i> <i>GRI 206</i> <i>GRI 415</i>
Economic multiplier	Mechanisms through which the organization may impact the productive capacity of other economic agents and which are generally not intended.	Indirect and long-term effects that an organization's operations have on the broader economy beyond its direct impact. This can be through the creation and dissemination of knowledge, human capital development, research and development, infrastructure, and other general-purpose investments.	<i>GRI 203</i> <i>GRI 204</i>
Job creation	The economic impact of the creation of sustainable economic opportunities and livelihoods	The type and quality of employment opportunities created and supported by the organization, can directly and indirectly affect the local economy.	<i>GRI 202</i> <i>GRI 401</i> <i>GRI 404</i>
Goods and services	Impact on the productive capacity of economic actors attributed to access to and consumption of the organization's goods and services.	Goods and services produced by organizations can add value to an economy by improving people's overall well-being and productive capacity.	<i>Not currently covered in GRI Standards</i>

This document does not represent

67 **Project approach**

68 Due to the project's scope and complexity, the Standards Division proposes a programmatic
69 approach. A programmatic approach groups the related topics and content areas into several
70 projects. This portfolio of discreet projects will be run sequentially, although at certain points, more
71 than one project will be simultaneously active. The configuration of the project sequencing will be
72 based on the content area, resource capacity, and strategic importance. In this way, the Standards
73 Division will deliver an aligned set of standards and disclosures as the outcome.

74 As part of this approach, the Standards Division proposes reviewing and revising the current
75 Standards and disclosures across three distinct project phases. Each project phase will represent a
76 standalone project with its focus area(s), timelines, and deliverables in accordance with GRI's due
77 process. The prioritization of technical content to be revised across phases has been informed by
78 inputs from the GSSB and engagement with key stakeholders, usage trends among practitioners of
79 GRI Standards, and research insights from authoritative intergovernmental instruments and initiatives.

80 The following provides an overview of each project phase.

81 **Phase 1: Distributed value**

82 The Standards Division will review and, where appropriate, revise *GRI 201: Economic Performance*.
83 The first phase of the project will encompass the theme of Distributed value. This theme has priority
84 due to the Standard being one of the most widely reported GRI Standards, particularly Disclosure
85 201-1 (Direct economic value generated and distributed), which suggests there is external demand
86 and usage by reporting organizations. This content area also has the advantage of the concepts
87 already being well-developed and self-contained, meaning revision to the disclosures can occur
88 without affecting other standards.

89 Furthermore, revision of this Standard as part of the project's first phase will enable alignment with the
90 ongoing revision of the climate-related standard, which will substitute Disclosure 201-2 (Financial
91 implications and other risks and opportunities due to climate change).

92 The Standards Division also envisions the *GRI 201: Economic Performance* Standard playing a
93 central role in linking financial information reported by organizations with material impacts reported in
94 other standards, creating a comprehensive and holistic set of information on an organization's
95 sustainability impacts.

96 **Phase 2: Impacts on institutions**

97 The second phase of the project will explore the theme of Impacts on institutions. The need for the
98 revision of *GRI 205: Anti-corruption 2016* and *GRI 415: Public Policy 2016* has been raised by several
99 stakeholders, suggesting a growing interest in revised disclosures focusing on an organization's
100 operations and activities that impact the institutions governing economic exchanges.

101 As part of this theme, the Standards Division will review and, where appropriate, revise *GRI 205: Anti-*
102 *corruption*, *GRI 206: Anti-competitive Behavior*, and *GRI 415: Public Policy*. The Standards Division
103 proposes maintaining these standards and others that could be developed in this space. These
104 standards are likely to be identified as distinct issues in organizations' materiality processes, so they
105 should be developed as separate standards.

106 **Phase 3: Economic multiplier, Job creation and Goods and services**

107 The project's third phase will explore the Economic multiplier, Job creation, and Goods and services
108 themes.

109 Stakeholder feedback points to a rise in interest by both organizations and report users related to
110 sustainability impacts beyond organizations' boundaries, in particular, impacts on local communities
111 and along the organization's value chain.

112 As part of the Economic multiplier theme, the Standards Division will review and, where appropriate,
113 revise the existing *GRI 203: Indirect Economic Impacts* and *GRI 204: Procurement* standards. The
114 Standards Division will also consider, as part of the Economic multiplier theme, the addition of new
115 technical content covering the sustainability impacts of an organization's innovation and research and
116 development activities on the economy. This is an important issue that will address the gap in the GRI
117 Standards.

118 The Job creation theme is included in Phase 3 as it complements the Economic multiplier theme. The
119 impact of an organization's operations and activities on local labor markets through the creation of
120 sustainable economic opportunities and livelihoods - both through its own operations and suppliers -
121 is noted as key for helping organizations understand their direct and indirect impacts on the economy.
122 Furthermore, including the Job creation theme as part of the project's third phase will enable
123 alignment with the ongoing revision of GRI's labor-related standards.

124 The Goods and services theme is proposed to accommodate reporting on how the goods and
125 services produced by organizations impact the economy. The revised GRI Standards will focus on
126 impacts that derive directly and intentionally from the goods and services produced by organizations.
127 Through the production of raw materials and capital goods, organizations can enhance the economy's
128 productive capacity, while the final consumption of goods and services can impact the well-being of
129 people and could be considered a social impact. It is important to note that some restrictions on
130 access to goods and services may border on *GRI 406: Non-discrimination* and some pricing practices
131 on *GRI 206: Anti-competitive Behavior*.

132 **Division of responsibilities**

133 The GSSB will appoint two working groups (WG) to review the economic impact-related Topic
134 Standards.

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136 The working groups will be formed in accordance with the [GSSB Due Process Protocol](#) to provide
137 technical advice across the project's three phases and inform the development of the new disclosures
138 and standards as stated in the project objectives.

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140 The Standards Division proposes the formation of two working groups that will contribute to particular
141 phases of the project as follows:

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- 143 • WG 1 will be convened ahead of Phase 1 to support Phase 1 and Phase 2 of the project.
- 144 • WG 2 will be convened ahead of Phase 3 to support Phase 3 of the project.
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146 The Standards Division proposes this working group configuration for the following reasons:

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- 148 • The project scope would require extended time investment and engagement by WG members
149 if a single group was maintained across the entire project lifecycle. Two working groups with
150 alternating members will ensure that the level of engagement by WG members is preserved
151 across each phase of the project.

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- The nature of the content covered in Phase 1 and Phase 2 means that WG members' technical expertise in similar areas can be effectively utilized. This approach will also allow for continuity across the project's first two phases.

156 The two working groups will provide recommendations in the following areas:

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- Informing the scope of the projects across each phase.
 - Developing new disclosures to broaden the scope to include new impact areas such as R&D, innovation, living wage, and economic impact along the organization's supply chain.
 - Revising or incorporating the existing economic impact-related disclosures: *GRI 201: Economic Performance 2016*, *GRI 202: Market Presence 2016*, *GRI 203: Indirect Economic Impacts 2016*, *GRI 204: Procurement*, *GRI 205: Anti-competitive Behavior*, *GRI 206: Anti-corruption* and Disclosure 415-1: Political contributions (currently captured in *GR 415: Public Policy*) into the new set of economic standards and disclosures.
 - Ensuring new economic impact-related disclosures are revised and developed to align with the most updated authoritative references and other global standard setters.

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169 Economic impact is a broad topic and requires a broad range of expertise. Therefore, a public call for experts will be launched, and based on GSSB approval, working groups will be formed to provide technical advice for developing the Economic Impact-related Topic Standards.

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173 In line with the due process protocol, the working groups should report to the GSSB and seek guidance and advice whenever required to advance the revision program or when they cannot reach a consensus. When the working groups are satisfied that they have a proposed (set of) draft standard(s) ready for public consultation, the draft(s) are to be presented to the GSSB for approval.

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178 The working groups should support sustainability reporting as promoted by the GRI Sustainability Reporting Standards (GRI Standards), which provide transparency on how an organization contributes or aims to contribute to sustainable development. The Standards Division will draft the Topic Standards. The project will be conducted in accordance with the GSSB Due Process Protocol.

182 **Timeline**

183 This project will commence in September 2023 and run for 36 months. Table 2 outlines the anticipated project duration and milestones.

185 **Risks and assumptions**

186 The success of this project proposal is based on several assumptions and the management of key risks that provide the foundation for its implementation. These assumptions and risks have shaped the project's scope, timeline, and expected outcomes.

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190 The Standards Division has made the following key assumption:

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- The timely recruitment and successful integration of key positions in the Standards Division required to provide support in the implementation of project-related tasks (see Division of responsibilities, including project administration, research, development of technical content, and project management) and achievement of project objectives. Should it not be possible to recruit a sufficient number of qualified candidates within the desired timeframe to meet the project's staffing requirements, an amendment of the project's proposed timelines may be necessary.

200 The Standards Division recognizes the importance of this assumption and its potential impact on
201 project timelines and deliverables. To mitigate risks associated with recruitment and the availability of
202 project resources, the Standards Division has adopted a proactive recruitment strategy and is
203 engaging reputable recruitment agencies to attract and onboard a diverse pool of qualified
204 candidates.

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206 In addition to the above assumption, the Standards Division has identified a potential risk that may
207 impact the successful execution of the project. The following risks have been identified:

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- 209 • Due to the proposed length of the project, there is a possibility of unforeseen shifts in
210 demand by organizations for disclosures to report on their economic impacts. This may
211 necessitate a change in prioritizing certain themes for review and revision.
- 212 • New authoritative intergovernmental instruments and frameworks may be emerging,
213 necessitating adjustments to the planned revision and development of technical content or an
214 extension of the research phase.

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216 To mitigate this risk, the Standards Division will implement the following strategies:

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- 218 • Establish a flexible and adaptive project framework that allows for iterative development and
219 accommodates potential changes in technical content.
- 220 • Maintain close collaboration with subject matter experts, stakeholders, and end-users to stay
221 updated on emerging developments and evolving needs.
- 222 • Conduct periodic reviews and assessments of the technical content against the evolving
223 industry standards and best practices to ensure alignment. Incorporate feedback and insights
224 from relevant experts to ensure the proposed project content remains current and relevant.

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the GSSB

Table 2: Estimated duration of GRI Topic Standard Project for Economic Impact

Phase	Duration (months)	2023			2024												2025					2026							
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
Project commencement	Project commencement																												
	Open call & recruitment of Working Group 1	3																											
	GSSB approval of Working Group 1 members																												
	Content development WG	34																											
Phase 1	Content Development: Distributed value	14																											
	GSSB approval of exposure draft(s)																												
	Public comment period for standard(s)	3																											
	Analysis of public comments and revision of first draft(s)	5																											
	GSSB approval of final standard(s)																												
Phase 2	Content Development: Impacts on institutions	13																											
	GSSB approval 1st set of exposure draft(s)																												
	Public comment period for set of standards	2																											
	Analysis of public comments and revision of first draft(s)	7																											
	GSSB approval of final standard(s)																												
Phase 3	Content Development: Economic Multiplier + Goods and Services + Job creation	13																											
	Open call & recruitment of Working Group 2	3																											
	GSSB approval of Working Group 2 members																												
	GSSB approval of set of exposure draft(s)																												
	Public comment period set of standards	2																											
	Analysis of public comments and revision of first draft(s)	6																											
GSSB approval of final standard(s)																													

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