



# Item 03 – GRI Topic Standard Project for Economic Impact – Draft project proposal

## For GSSB discussion and approval

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<b>Date</b>	1 June 2023
<b>Meeting</b>	15 June 2023
<b>Project</b>	GRI Topic Standard Project for Economic Impact
<b>Description</b>	<p>This document sets out the draft project proposal to review the GRI Topic Standards portfolio on Economic Impact. For GSSB discussion and approval to send to the GRI Board and Stakeholder Council for feedback.</p> <p>After feedback from the GRI Board and Stakeholder Council has been received and incorporated, the Standards Division will present the proposal to the GSSB for final approval in accordance with the Due Process Protocol.</p> <p><b>Please note:</b> this project proposal will be discussed during the GSSB meeting on 15 June 2023. Pending potential amendments based on the GSSB discussions, the project proposal will be submitted for approval through a documented electronic process as per the GSSB Terms of Reference after the GSSB meeting on 15 June 2023.</p>

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This document does not represent an official position of the GSSB

# 1 Project background

2 As part of the draft GSSB Work Program 2023-2025, the Global Sustainability Standards Board  
3 (GSSB) has identified the review of GRI disclosures on economic impact, including, but not limited to,  
4 the 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 in the [previous work program](#) based on the feedback of reporters and other  
7 users. Feedback indicated that the current disclosures are unclear and inconsistently interpreted and  
8 would benefit 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.<sup>1</sup> While SDG 9 seeks to build resilient infrastructure, promote sustainable  
19 industrialization, and foster innovation.<sup>2</sup>

20  
21 In addition, the UN Guiding Principles on Business and Human Rights<sup>3</sup> and the OECD Guidelines for  
22 Multinational Enterprises<sup>4</sup> set clear expectations for businesses to take responsibility for the impacts  
23 they cause and those they contribute to or are linked to their business relationships. In the context of  
24 GRI's economic disclosures, organizations are expected to report their direct impacts on the economy  
25 and those they are linked to, for example, their supplier relationships.

26  
27 Together, these developments suggest that the content in GRI's economic standards would benefit  
28 from a comprehensive review to ensure they align with key international instruments and reflect  
29 leading practices in disclosure.

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

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

<sup>3</sup> [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

<sup>4</sup> <https://www.oecd.org/daf/inv/mne/48004323.pdf>

## 44 **Project objectives**

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

49  
50 The content and structure of the revised economic impact-related GRI Standards will be guided by the  
51 technical framework proposed by the GRI Standards Division (see Table 1). This overarching  
52 framework has been designed as an organizing tool for accommodating current and future  
53 disclosures related to economic impact.

54  
55 In line with the stated objectives, the proposed project will consider the following GRI Standards for  
56 revision:

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- 58 • *GRI 201: Economic Performance 2016*
- 59 • *GRI 202: Market Presence 2016*
- 60 • *GRI 203: Indirect Economic Impacts 2016*
- 61 • *GRI 204: Procurement 2016*
- 62 • *GRI 205: Anti-Competitive Behavior 2016*
- 63 • *GRI 206: Anti-Corruption 2016*
- 64 • *GRI 415: Public Policy 2016*
- 65

66 The following disclosures and standards within GRI's current economic disclosures series will not be  
67 considered for review or revision as part of this project:

- 68
- 69 • *GRI 202: Market Presence 2016* (Disclosure 202-1: Ratios of standard entry-level wage by  
70 gender compared to local minimum wage). This will be addressed as part of the ongoing  
71 revision of the labor-related GRI Topic Standards.
- 72 • *GRI 201: Economic Performance 2016* (Disclosure 201-2: Financial implications and other  
73 risks and opportunities due to climate change). This will be addressed as part of the ongoing  
74 revision of the climate-related GRI Topic Standards.
- 75 • *GRI 207: Tax 2019*. This Standard was recently developed and published in 2019 and will  
76 only form part of additional project phases.

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

Table 1: Technical Framework for Economic Impact Disclosures

Impact driver	Description	Impact	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, 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. Larger organizations are more likely to find these types of impacts material. These can be through market mechanisms (anti-competitive behavior) or through rules and regulations (public policy, anti-corruption).	<i>GRI 205, GRI 206, GRI 415</i>
Economic multiplier	The secondary effects of a company's activities that ripple through the economy	Indirect and long-term effects that an organization or an activity has on the broader economy beyond its direct impact.	<i>GRI 203, GRI 204</i>
Job creation	The economic impact of an organization's operations on the creation of sustainable economic opportunities and livelihoods	This is a key component for sustaining economic growth and creating opportunities for individuals to find work and can provide greater insight into medium and longer-term impacts on the economy.	<i>GRI 202, GRI 401, GRI 404</i>
Goods and services	Economic Impacts directly attributed to consumption of, or the inability to access and use, 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, while the opposite can be true where people may be unable to access or use certain goods and services or where the use of such goods and services may have negative impacts on society.	<i>Not currently covered in GRI Standards</i>

This document does not represent

## 80 **Project approach**

81 Due to the project's large scope and complexity, the Standards Division proposes adopting a  
82 programmatic approach. A programmatic approach allows grouping the related topics and content  
83 areas into several projects. This portfolio of discreet projects will be run sequentially, although at  
84 certain points, more than one project will be simultaneously active. The configuration of the project  
85 sequencing will be based on the content area, resource capacity, and strategic importance. In this  
86 way, the Standards Division will use a programmatic approach to deliver an aligned set of standards  
87 and disclosures as the outcome.

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

94 The following provides an overview of each project phase.

### 95 **Phase 1: Distributed value**

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

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

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

### 110 **Phase 2: Impacts on institutions**

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

115 As part of this theme, the Standards Division will review and, where appropriate, revise *GRI 205: Anti-  
116 corruption*, *GRI 206: Anti-competitive behavior*, and *GRI 415: Public policy*. The Standards Division  
117 proposes to maintain these three standards, and others that could potentially be developed in this  
118 space, as separate standards as they are likely to be identified as distinct issues in the materiality  
119 process of organizations.

### 120 **Phase 3: Economic multiplier, Job creation and Goods and Services**

121 The project's third phase will explore the Economic multiplier, Job creation, and Goods and Services  
122 themes.

123 The configuration and timing of Phase 3 remains tentative at this stage as further research is required  
124 to clearly define new concepts, such as the economic impacts associated with innovation, the creation  
125 of livelihoods, and the access and usage of goods and services. Further detail will be presented to the  
126 GSSB nearer to the proposed project kick-off.

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

130 As part of the Economic multiplier theme, the Standards Division will review and, where appropriate,  
131 revise the existing *GRI 203: Indirect Economic Impacts* and *GRI 204: Procurement* standards. The  
132 Standards Division will also consider, as part of the Economic multiplier theme, the addition of new  
133 technical content covering the sustainability impacts of an organization's innovation and research and  
134 development activities on the economy. This is viewed as an important issue and will address the gap  
135 in the GRI Standards.

136 The Job creation theme is included in Phase 3 as it complements the Economic multiplier theme. The  
137 impact of an organization's operations and activities on local labor markets through the creation of  
138 sustainable economic opportunities and livelihoods - both through its own operations and its direct  
139 suppliers - is noted as key for helping organizations to understand their direct and indirect impacts on  
140 the economy. Furthermore, including the Job creation theme as part of the project's second phase will  
141 enable alignment with the ongoing revision of the labor-related standards, incorporating Disclosure  
142 202-1 (Ratios of standard entry-level wage by gender compared to local minimum wage).

143 The Goods and Services theme requires further conceptual development by the Standards Division  
144 as it currently does not feature in any GRI Standards. The Standards Division will undertake further  
145 research before finalizing the inclusion of this theme.

## 146 **Division of responsibilities**

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

149  
150 The working groups will be formed in accordance with the [GSSB Due Process Protocol](#) to provide  
151 technical advice across the project's three phases and inform the development of the new disclosures  
152 and standards as stated in the project objectives.

153  
154 The Standards Division proposes the formation of two working groups that will contribute to particular  
155 phases of the project as follows:

- 156
- 157 • WG 1 will be convened ahead of Phase 1 to support Phase 1 and Phase 2 of the project.
- 158 • WG 2 will be convened ahead of Phase 3 to support Phase 3 of the project.
- 159

160 The Standards Division proposes this working group configuration for the following reasons:

- 161
- 162 • The project scope would require extended time investment and engagement by WG members  
163 if a single group was maintained across the entire project lifecycle. Two working groups with  
164 alternating members will ensure that the level of engagement by WG members is preserved  
165 across each phase of the project.

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

169 The two working groups will provide recommendations in the following areas:  
170

- 171
- 172 • Informing the scope of the projects across each phase.
  - 173 • Developing new disclosures to broaden the scope to include new impact areas such as R&D,  
174 innovation, living wage, and economic impact along the organization's value chain.
  - 175 • Revising and/or incorporating the existing economic impact-related disclosures: *GRI 201:*  
176 *Economic Performance 2016*, *GRI 202: Market Presence 2016*, *GRI 203: Indirect Economic*  
177 *Impacts 2016*, *GRI 204: Procurement*, *GRI 205: Anti-Competitive Behavior*, *GRI 206: Anti-*  
178 *Corruption and Disclosure 415-1: Political contributions* (currently captured in *GR415: Public*  
179 *Policy*) into the new set of economic standards and disclosures.
  - 180 • Ensuring new economic impact-related disclosures are revised and developed to align with  
181 the most updated authoritative references and other global standards setters.
- 182

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

186  
187 In line with the Due Process Protocol, the working groups should report to the GSSB and seek  
188 guidance and advice whenever required to advance the revision program or when they cannot reach  
189 a consensus. When the working groups are satisfied that they have a proposed (set) of draft  
190 standard(s) that are ready for public consultation, the draft(s) are to be presented to the GSSB for  
191 approval.

192  
193 The working groups should support sustainability reporting as promoted by the GRI Sustainability  
194 Reporting Standards (GRI Standards), which provide transparency on how an organization  
195 contributes or aims to contribute to sustainable development. The Standards Division will draft the  
196 Topic Standards. The project will be conducted in accordance with the GSSB Due Process Protocol.

## 197 **Timeline**

198 This project is envisioned to commence in September 2023. Table 2, on the following page, outlines  
199 the anticipated project duration. The exact starting date and the predicted dates of other key  
200 milestones will be confirmed in the final project proposal to be approved by the GSSB.

## 201 **Assumption and risks**

202 The success of this project proposal is based on an assumption and the management of risks that  
203 provide the foundation for its implementation. The assumption and risks have shaped the project's  
204 scope, timeline, and expected outcomes.

205  
206 The Standards Division has made the following assumption:  
207

- 208 • The timely recruitment and successful integration of key positions in the Standards Division  
209 required to provide support in the implementation of project-related tasks (see Division of  
210 responsibilities, including project administration, research, development of technical content,  
211 and project management) and achievement of project objectives. Should it not be possible to  
212 recruit a sufficient number of qualified candidates within the desired timeframe to meet the



213 project's staffing requirements, an amendment of the project's proposed timelines may be  
214 necessary.  
215

216 The Standards Division recognizes the importance of this assumption and its potential impact on  
217 project timelines and deliverables. To mitigate risks associated with recruitment and the availability of  
218 project resources, the Standards Division has adopted a proactive recruitment strategy and is  
219 engaging reputable recruitment agencies to attract and onboard a diverse pool of qualified  
220 candidates.  
221

222 In addition to the above assumption, the Standards Division has identified potential risks that may  
223 impact the successful execution of the project. The following risks have been identified:  
224

- 225 • Due to the proposed length of the project, there is a possibility of unforeseen shifts in  
226 demand by organizations for disclosures to report on their economic impacts. This may  
227 necessitate a change in prioritizing certain themes for review and revision.
- 228 • New authoritative intergovernmental instruments and frameworks may be emerging,  
229 necessitating adjustments to the planned revision and development of technical content or an  
230 extension of the research phase.  
231

232 To mitigate these risks, the Standards Division will implement the following strategies:  
233

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

This document does not represent official position of the CSSB



Table 2: Estimated duration of Topic Standards portfolio for economic impact

		2023												2024												2025												2026											
		Jun	Jul	Aug	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	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep								
Phase	Duration (months)	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M 13	M 14	M 15	M 16	M 17	M 18	M 19	M 20	M 21	M 22	M 23	M 24	M 25	M 26	M 27	M 28	M 29	M 30	M 31	M 32	M 33	M 34	M 35	M 36	M 37	M 38	M 39	M 40								
	Project commencement																																																
	Open call & recruitment of Working Group 1																																																
	GSSB approval of Working Group 1 members																																																
	Content development WG																																																
Phase 1	Content Development: Distributed value																																																
	GSSB approval 1st set of exposure drafts																																																
	Public comment period first set of standards																																																
	Analysis of public comments and revision of first draft(s)																																																
	GSSB approval of first set of final standard(s)																																																
Phase 2	Content Development: Impacts on institutions																																																
	GSSB approval 1st set of exposure drafts																																																
	Public comment period first set of standards																																																
	Analysis of public comments and revision of first draft(s)																																																
	GSSB approval of first set of final standard(s)																																																
Phase 3	Content Development: Economic Multiplier + Goods and Services + Job creation																																																
	Open call & recruitment of Working Group 2																																																
	GSSB approval of Working Group 2 members																																																
	GSSB approval of third set of exposure drafts																																																
	Public comment period third set of standards																																																
	Analysis of public comments and revision of third set																																																
	GSSB approval third set of final standards																																																

Note: Phase 3 schedule tentative. Further detail to be provided closer to project kick-off.