Barbara Strozzilaan 336
1083 HN Amsterdam
The Netherlands
gssbsecretariat@globalreporting.org

GRI Universal Standards Project – GSSB basis for conclusions

Summary of Public Comments on the Exposure Draft of the Standards, and GSSB Responses

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Project	GRI Universal Standards Project
Description	This document summarizes the significant issues from comments received on the GRI Universal Standards exposure draft, during the public comment period from 11 June 2020 to 9 September 2020, and the GSSB responses to the significant issues raised. The full set of public comments can be downloaded from the Review of the Universal Standards project page on the GSSB website. The GRI Universal Standards 2021 can be downloaded here.

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About this document

This document presents the significant issues raised by respondents regarding the exposure draft of the GRI Universal Standards during the public comment period from 11 June 2020 to 9 September 2020.

The document summarizes feedback provided by respondents through the public comment survey hosted on the Review of the Universal Standards project page and official feedback submitted by email. Where relevant, it also references feedback received from respondents at regional workshops held during the public comment period.

All individual comments received, together with an analysis of the significant issues raised, were considered by the GSSB in their review of the Universal Standards. This document provides a summary of how the GSSB has responded to the significant issues raised in the public comment period.

The full set of comments received can be downloaded from the Review of the Universal Standards project page on the GSSB website.

The GRI Universal Standards 2021 can be downloaded here.

Introduction

Objectives for reviewing the Universal Standards

The project proposal for the review of the GRI Universal Standards was approved by the Global Sustainability Standards Board (GSSB), GRI's independent standard setting body, at its meeting on 26 March 2019.

The project was initiated following the recommendations from the GRI Technical Committee on Human Rights Disclosure. The project also drew on feedback received from the GSSB during the transition from the G4 Guidelines to the GRI Standards, feedback received from reporting organizations and other stakeholders, and information gathered from the review of sustainability reports using the GRI Standards. Overall, the project aimed to:

- provide greater clarity on key concepts, reporting principles, and disclosures in the Universal Standards and ensure they are aligned with recent developments in responsible business conduct;
- integrate the expectations of due diligence into the GRI Standards;
- assist reporting organizations in understanding the reporting requirements and how they demonstrate compliance in a transparent way;
- drive consistent application of the GRI Standards;
- encourage more relevant and comprehensive reporting for experienced reporting organizations;
- enable first-time reporters and SMEs to more easily apply the GRI Standards;
- improve overall usability of the GRI Standards.

The project followed the GSSB Due Process Protocol. A sub-committee of four GSSB members was convened to provide advice and direction for the project, and the proposed revisions were discussed with all GSSB members over the course of 18 meetings between 2019 and 2021.

Scope of the public comment

The exposure draft of the Universal Standards was open for public comment, as required by the GSSB Due Process Protocol, from 11 June 2020 to 9 September 2020. Respondents were invited to submit their feedback on the clarity, feasibility, and relevance of the significant proposals contained in the exposure draft.

Several outreach activities were carried out during the public comment period, including webinars, regional workshops, and one-to-one consultations with stakeholders. Approximately 390 participants

attended the regional workshops, online or in-person, in Africa, Hong Kong, S.A.R., China, Latin America, Mainland China, North America, South East Asia (Malaysia, Philippines, and Singapore) and Taiwan, China. Approximately 2,340 individuals attended the webinars. Appendix 1 contains an overview of these events.

Overview of submissions

Respondents were invited to submit their comments on the Universal Standards exposure draft using an online survey. The link to the survey was made available on the project page on the GSSB website for the full duration of the public comment period.

Respondents could also submit an official letter or statement to universal@globalreporting.org.

A total of 144 submissions from individuals and organizations were received on the exposure draft, consisting of 141 completed surveys and three letters. The submissions contained approximately 1,300 comments. Feedback received during regional workshops is not included in the total number of submissions but, where relevant, a summary of significant issues raised during these consultations has been presented alongside the significant issues raised through the public comment survey.

Appendix 2 contains a breakdown of public comment submissions by stakeholder constituency, organization size, and region.

Methodology for analyzing comments

All comments submitted by respondents were collated by the Standards Division.

Each comment was categorized according to its relevance to a specific Standard, section, disclosure or a group of disclosures in the Universal Standards exposure draft, or as a cross-cutting theme. Each comment was then sub-categorized by the respondent's:

- support for proposed content, based on its clarity, feasibility, and relevance to reporting;
- opposition to the proposed content, based on its clarity, feasibility, and relevance to reporting;
- concern about the proposed content, based on its clarity, feasibility, and relevance to reporting;
- proposals for new content.

When a respondent had raised several different points in one comment, the points were separated into distinct comments.

Comments that could not be adequately summarized or interpreted have been presented, where relevant, verbatim inside quotation marks in this summary.

The qualifiers indicated in Table 1 have been used to indicate the percentage of respondents that provided feedback on a significant issue. Given that the survey mostly contained open questions to enable respondents to provide feedback on sections of interest, not all respondents provided comments on all sections of the exposure draft. Consequently, certain sections or disclosures have a relatively low number of comments compared to the overall number of respondents.

Table 1. Qualifiers to describe the proportion of respondents.

Qualifier	Respondents
Majority	> 50%
Many	30-50%
Some	10-30%
A few	< 10%
One	1

Significant issues and GSSB responses

In line with the GSSB Due Process Protocol, this section summarizes the significant issues raised by respondents, outlines proposed changes to the Universal Standards exposure draft, and explains the reasons why significant changes recommended by respondents were, or were not, accepted by the GSSB.

The significant issues identified have been organized into the following sections:

- Cross-cutting issues:
    - Human rights
    - Universal Standards structure
- Issues regarding the exposure draft of GRI 101: Using the GRI Standards, including:
    - Key concepts in the GRI Standards
    - Sustainability reporting using the GRI Standards
    - Reporting principles
- Issues regarding the exposure draft of GRI 102: About the Organization, including:
    - Organizational details and reporting practices
    - Organizational activities
    - Governance
    - Responsible business conduct
    - Stakeholder engagement
- Issues regarding the exposure draft of GRI 103: Material Topics, including:
    - Identifying material topics
    - Reporting on material topics

This section includes references to the Universal Standards exposure draft, the current Universal Standards 2016, and the revised Universal Standards 2021. When referring to the content in the exposure draft, the titles used in the exposure draft are used. When referring to the content in the current and revised Universal Standards, the titles of the Universal Standards 2016 and Universal Standards 2021 respectively are used.

Cross-cutting issues

a) Human rights

A few respondents expressed opposition to the inclusion of human rights in the definition of 'material topic'. These respondents stated that:

- 'human rights impacts' are already covered by 'impacts on people';
- it is not clear why the issue of human rights was highlighted, while other issues such as climate were not;
- the definition may imply that human rights are more important than other topics related to people, such as health and safety;
- for many reporters, particularly those in developed countries where effective regulatory frameworks exist, human rights are not a material issue.

One respondent disagreed with requiring reporting on human rights, stating that not all companies have (material) issues with human rights.

GSSB response: The reference to 'human rights impacts' has been maintained in the definition of 'material topic', as well as the human rights-related disclosures, as human rights are the most fundamental level of protection provided to people in authoritative intergovernmental instruments. Impacts on human rights are a cross-cutting issue that have always occurred, and will continue to occur in the future, thus making them one of the most vital types of impacts for the GRI Standards to address.

b) Universal Standards structure

Many respondents expressed support for the revised structure and submitted that the proposed changes:

- are coherent and provide clarity;
- will facilitate more consistent and streamlined reporting;
- are an improvement.

GSSB response: No further changes have been made.

GRI 101: Using the GRI Standards

Section 2. Key concepts in the GRI Standards

a) Impact

A few respondents requested clarification on the concept of 'impact', including:

- the difference between inward and outward impacts;
- the relationship between 'risk' and 'impact'.

GSSB response:

The terms inward and outward impacts have been removed, but the meaning of these concepts has been clarified. See section 1.2 Users and Box 1. Sustainability reporting and financial and value creation reporting in GRI 1: Foundation 2021*.*

The relationship between 'risk' and 'impact' has been clarified. See Section 1 in GRI 3: Material Topics 2021*.*

b) Material topic

Many respondents expressed support for the revised concept of 'material topic'. These respondents stated that they welcome:

- the focus on outward impacts;
- the alignment of this concept with authoritative intergovernmental instruments on business and human rights and responsible business conduct;
- the simpler and clearer approach, which will help to avoid the misinterpretation of the definition to mean 'impact on the company'.

A few respondents suggested adopting a double materiality approach. These respondents stated that:

- the materiality definition should also explicitly consider financial materiality and the impacts on the company;
- a double materiality approach will enable a holistic analysis of a reporting organization;
- a double materiality approach will improve the connectedness between financial and non-financial reporting;
- a double materiality approach is aligned with integrated thinking and integrated reporting.

A few respondents expressed disagreement with the revised concept of 'material topic'. These respondents proposed retaining the Materiality principle as stated in the current Universal Standards 2016 and suggested that removing 'substantively influences the assessments and decisions of stakeholders' from the definition could lead to less engagement with stakeholders. They raised

concern that this could lead to identification of material topics more heavily focused on the organization's interests than the stakeholders' interests.

A few respondents commented on the use of the materiality matrix included in the current Universal Standards 2016. Respondents were divided on the usefulness of the matrix. Those opposed stated that the matrix tends to encourage overly simplistic issue identification and may undermine accountability and appropriate management controls for a given topic. Those in favor stated that a visual presentation of material topics is a useful tool for understanding the relative importance of an organization's material topics and makes materiality more transparent, understandable and applicable.

GSSB response:

- *The definition of 'material topic' proposed in the Universal Standards exposure draft has been maintained.*
- *The importance and role of stakeholder engagement in identifying an organization's most significant impacts has been clarified more prominently. See section 2 in* GRI 1: Foundation 2021*.*
- *The relationship between sustainability reporting and financial reporting has been clarified by explaining how the information derived from sustainability reporting forms a key input for financial risk assessment and for financial reporting. See Box 1. Sustainability reporting and financial and value creation reporting in* GRI 1: Foundation 2021*.*
- *The materiality matrix has not been reinstated, as the revised concept of 'material topic' no longer encompasses two dimensions. The GSSB will consider developing further guidance on materiality for reporting organizations in a format such as a website FAQ, which could also include suggestions for visuals. This may include options for visual representations of the revised GRI concept of materiality and its connection to double materiality.*

c) Due diligence

Two respondents raised concerns about the feasibility of meeting the expectations of due diligence by new reporters and suggested removing the concept from the GRI Standards.

GSSB response: Due diligence has been retained as a key concept, in line with expectations in the authoritative intergovernmental instruments with which the GRI Standards seek to align.

d) Stakeholder

Some respondents expressed support for the revised concept of 'stakeholder'. These respondents:

- welcomed the alignment of the definition with the OECD;
- welcomed the clarity of the proposed definition;
- welcomed the consistency with the approach to materiality focused on outward impacts;
- noted that the proposed definition addresses the shortcoming of the current definition, which creates an incentive for organizations to pick and choose stakeholders that suit the organizations' own views.

A few respondents expressed disagreement with the revised concept of 'stakeholder' and suggested the definition should encompass those that 'affect the organization' as well as those that 'are affected by the organization' (in line with the definition in the current Universal Standards 2016).

Two respondents suggested clarifying the relationship between 'stakeholders' and 'rightsholders' and between 'interests' and 'rights'.

GSSB response: The definition of 'stakeholder' proposed in the Universal Standards exposure draft has been maintained. The relationship between 'stakeholders' and 'rightsholders', and between 'interests' and 'rights' has been clarified. See section 2.4 Stakeholder in GRI 1: Foundation 2021*.*

Section 3. Sustainability reporting using the GRI Standards

a) Revised approaches to using the GRI Standards for sustainability reporting

Some respondents expressed support for the proposal to allow two approaches for using the GRI Standards: reporting in accordance with the GRI Standards and reporting with reference to the GRI Standards. These respondents stated that this proposal will:

- provide clarity and increase transparency about how the GRI Standards are used;
- make it easier to understand the level of adherence to the GRI Standards;
- improve the quality and consistency of reporting;
- set a higher standard for reporting, by driving reporting in accordance with the GRI Standards.

A few respondents raised concerns about the proposal to allow two approaches for using the GRI Standards. These respondents stated that the two approaches can:

- create quality distinctions between reporting organizations, similar to the 'Core' and 'Comprehensive' in accordance options;
- make the 'in accordance with' approach unattainable and thereby drive organizations to report 'with reference to' and discourage from considering sustainability reporting as a path of progressive improvement;
- entice organizations to use the 'with reference to' approach to report on issues that are favorable to an organization, but avoid reporting on challenges, risks and failures;
- be misunderstood by stakeholders who are not familiar with the GRI Standards.

Some respondents expressed support for having one option to report in accordance with the GRI Standards. These respondents stated that:

- the 'Core' and 'Comprehensive' options are not effectively used;
- the value of the 'Comprehensive' option is not clear, it is not widely used and did not evolve as a differentiator from the 'Core' option;
- this will remove the perception that organizations using the 'Comprehensive' option are 'better' than organizations using the 'Core' option;
- this will facilitate understanding of a reporter's application of the GRI Standards – a reporter is either in accordance with the GRI Standards or not.

Some respondents raised concerns about having one option to report in accordance with the GRI Standards. These respondents stated that:

- many organizations use the 'Core' option, and reasons behind the application of the 'Core' option and the barriers to transition to the 'Comprehensive' option need to be better understood;
- the 'Core' and 'Comprehensive' options enable organizations to evolve their reporting over time;
- it will be challenging to comply with all (additional) requirements, especially for 'Core' reporters and SMEs;
- it will be difficult to report all disclosures in GRI 102: About the Organization and GRI 103: Material Topics if reasons for omission are not permitted, especially the governance disclosures;
- meeting the revised in accordance level is only possible with sufficient transition and implementation time.

Some respondents raised individual points. These respondents did not clearly express support or disagreement with the revisions, nor did they raise concerns. For example, these respondents stated that:

- organizations that are less mature and start their reporting journey reporting with reference to the GRI Standards should transition to reporting in accordance with the GRI Standards over time;
- it is important to make clear that reporting with reference to the GRI Standards has significantly less requirements than reporting in accordance with the GRI Standards.

GSSB response: The two approaches to using the GRI Standards proposed in the Universal Standards exposure draft have been maintained. An organization can report in accordance with the

GRI Standards, or with reference to the GRI Standards. Reporting with reference to the GRI Standards can be used when an organization wants to report information about specific topics for specific purposes (e.g., to comply with a reporting regulation on climate change) or when an organization is unable to comply with all requirements for reporting in accordance with the GRI Standards.

The focus of 'Section 3. Sustainability reporting using the GRI Standards' in the exposure draft has been changed. This section now presents 'in accordance' as the recommended approach for reporting with the GRI Standards, by outlining the 'in accordance' requirements before the requirements for reporting with reference to the GRI Standards. In addition, the reference to Approach A and Approach B has been removed, to emphasize 'in accordance' as the default approach to reporting with the GRI Standards. See section 3. Reporting in accordance with the GRI Standards in GRI 1: Foundation 2021*.*

A recommendation has been added that organizations that cannot comply with all the 'in accordance' requirements should transition to reporting in accordance with the GRI Standards over time. See 'Reporting with reference to the GRI Standards' at the end of section 3 in GRI 1: Foundation 2021*.*

The one option for reporting in accordance with the GRI Standards proposed in the exposure draft has been maintained, but the mechanism to use reasons for omission has been revised. Reasons for omission are now permitted for all disclosures in GRI 2: General Disclosures 2021 *and* GRI 3: Material Topics 2021 *except for:*

- *Disclosure 2-1 Organizational details*
- *Disclosure 2-2 Entities included in the organization's sustainability reporting*
- *Disclosure 2-3 Reporting period, frequency and contact point*
- *Disclosure 2-4 Restatements of information*
- *Disclosure 2-5 External assurance*
- *Disclosure 3-1 Process to determine material topics*
- *Disclosure 3-2 List of material topics*

These seven disclosures are considered critical for an organization's sustainability reporting.

See Requirement 6: Provide reasons for omission for disclosures and requirements that the organization cannot comply with in GRI 1: Foundation 2021*.*

b) Appropriate disclosures

A few respondents commented on the revised requirement to report appropriate disclosures from the GRI Topic Standards. These respondents raised concerns or requested clarification about the meaning of 'appropriate disclosures', and stated that:

- the explanation of 'appropriate disclosures' in the Universal Standards exposure draft was not sufficient for organizations to properly understand the concept and how to use it;
- the explanation creates an opportunity to 'pick and choose' what to report and to report less;
- an organization's judgement of what is appropriate may be subjective or not sufficiently transparent and will present a challenge for verification by assurance providers and other third parties;
- ultimately, it can lead to large variations in reported information, and compromise comparability of information.

GSSB response: The concept of 'appropriate disclosures' proposed in the exposure draft has been revised. In the exposure draft, appropriate disclosures were defined as 'disclosures that adequately capture the impacts related to the organization's material topics'. In the revised Universal Standards, the disclosures from the GRI Topic Standards required to be reported for each material topic are now defined as 'those disclosures that are relevant for reporting information about the organization's impacts in relation to a material topic'.

A requirement has been added for the organization to explain why Topic Standards disclosures listed for the organization's material topics in applicable GRI Sector Standards, where they are available, are not relevant to the organization's impacts. Such an explanation helps confirm that the disclosures are not relevant to the organization's impacts, and why.

It has been clarified that there is no requirement for a minimum number of disclosures to report from the Topic Standards, and that the number of disclosures to report is based on the organization's assessment of which disclosures are relevant to its impacts in relation to a material topic.

See guidance to Requirement 5-a and see Requirement 5-b in GRI 1: Foundation 2021*.*

c) Using Sector Standards to identify and explain if topics listed in a Sector Standard are not deemed material by the organization

The majority of respondents expressed support for the proposal to identify and explain if topics listed in an applicable Sector Standard are not deemed material by the organization. These respondents stated that such an explanation would:

- be reasonable, given that Sector Standards represent consensus on what is considered material for a sector and set an industry benchmark, developed through a rigorous standard-setting activity;
- ensure credibility of the materiality assessment process, as well as strengthen the overall reporting process and performance of the organization;
- provide transparency and confidence to stakeholders that material topics and significant impacts have not been avoided or overlooked and that all material topics have been considered, even if not all have been addressed;
- provide additional context for information users to better evaluate an organization's performance in relation to its impacts, compare the performance between companies, and engage in a subsequent dialogue.

In addition, these respondents suggested that the reporting expectation about the format of the explanation be clarified and submitted that:

- reporting burden must be considered when setting the expectation about the extent of information to report and a brief explanation about why a topic is not deemed material should be sufficient;
- it is not clear whether an organization would need to provide an explanation for each topic that is not deemed material, or to provide one explanation covering all topics that are not deemed material;
- the evaluation of what is deemed not material can be subjective;
- the explanation needs to be easily locatable in the report / reported information.

Some respondents raised concerns about the proposal to identify and explain if topics listed in an applicable Sector Standard are not deemed material by the organization. These respondents stated that such reporting would:

- be unnecessary because material topics that a company reports on are the result of, and are justified by, the materiality assessment process, and the exposure draft already includes a requirement to use the Sector Standards when identifying material topics;
- add to the subjectivity of responses and compromise clarity of reported information;
- add to the reporting burden and length of reports, especially for companies operating across several sectors;
- divert focus, time, and resources from addressing material issues / contradict GRI's approach to focus on material topics;
- risk substituting an organization's materiality assessment process.

In addition, a few respondents responded "I don't know" to the question about identifying and explaining if topics listed in an applicable Sector Standard are not deemed material by the organization. They submitted that:

- such reporting has the potential to strengthen the materiality assessment process but might divert time and resources from managing the impacts;
- such reporting has the potential to strengthen the materiality assessment process but presents a risk of substituting a robust materiality assessment process;
- the feasibility of such reporting depends on the scope and rigor of Sector Standards and the number of topics that are deemed not material by the organization.

GSSB response: Requirement 3-b in GRI 1: Foundation 2021 *has been revised to require the organization to determine whether each topic in the applicable GRI Sector Standards is a material topic for the organization. It also requires the organization to list in the GRI content index any topics from the applicable Sector Standards that the organization has determined as not material, and to explain why they are not material.*

An example table and guidance about how to prepare the GRI content index have been added, including how to indicate when a topic listed in a Sector Standard has been determined as not material.

d) *Identifying and explaining if topics commonly associated with sectors are not material when Sector Standards do not exist*

Many respondents raised concerns about the proposal to identify and explain if topics commonly associated with the organization's sector are deemed not material in the absence of an applicable Sector Standard. These respondents stated that such reporting:

- is subject to the materiality assessment;
- increases the reporting burden and length of reporting;
- diverts attention from managing material topics.

Many respondents opposed this proposal while they supported the proposal to explain when a topic is deemed not material when a Sector Standard is available, and submitted that:

- the concept of a topic being 'commonly associated' is too subjective to form the basis for a requirement and lends itself to interpretation and conflicts of interest;
- such reporting would compromise the purpose of the Sector Standards which are meant to serve as an industry benchmark.

Many respondents expressed support for the proposal to identify and explain if topics commonly associated with the organization's sector are deemed not material in the absence of an applicable Sector Standard. These respondents stated that such reporting will improve transparency, comparability and clarity of information, and the credibility of the materiality assessment process.

A few respondents supported this proposal as a good approach to risk management, while they opposed the proposal to explain why a topic is deemed not material when the Sector Standard is available.

A few respondents responded "I don't know" to the proposal of identifying and explaining if topics commonly associated with the organization's sector are not deemed material in the absence of an applicable Sector Standard. Seven respondents explained that if Sector Standards are meant to set an industry benchmark, in their absence such reporting would be subjective.

GSSB response: A recommendation has been added to the guidance for Disclosure 3-1 (Process to determine material topics) in GRI 3: Material Topics 2021 *clarifying that, in the absence of applicable Sector Standards, the organization should explain how it has considered impacts commonly associated with its sectors, and whether any of these impacts have been determined as not material, together with an explanation of why this is the case.*

e) *Statement of use*

A majority of respondents expressed support for requiring a statement of use acknowledging the highest governance body's or most senior executive's responsibility for preparing the reported information in accordance with, or with reference to, the GRI Standards. These respondents stated that it will:

- provide transparency and promote accountability and effective governance of sustainability reporting and the application of the GRI Standards;
- raise awareness of sustainability at the top level and across the organization;
- improve the credibility, quality, clarity, and comparability of reported information;
- attract resources and support to the reporting process;
- align with the approach used in financial reporting;
- respond to regulatory expectations about sustainability reporting.

A majority of the respondents further expressed support for the highest governance body to acknowledge the quality and veracity of reported information in the statement. These respondents stated that this will:

- increase accountability of the highest governance body for managing impacts and for sustainability reporting;
- improve the quality of reporting;
- increase the need for external assurance.

Some respondents raised concerns about the proposal to provide a statement of use. These respondents stated that providing such a statement:

- would require a practitioner's level understanding of the GRI Standards to make it, which is not consistent with the highest governance body's general oversight role;
- is not a guarantee for the credibility or quality of the reported information;
- is redundant as the highest governance body's responsibility for, and sign-off on, the sustainability report is implied;
- will add to the reporting burden and costs of reporting;
- will compromise the utility of the GRI Standards as a tool for the highest governance body to understand and address the organization's impacts;
- will drive reporters to report 'with reference to' the GRI Standards.

Some respondents raised further concerns about the highest governance body acknowledging the quality and veracity of reported information in the statement of use. These respondents stated that providing such a statement would:

- create an obligation of external assurance which would increase the costs of reporting;
- be redundant because reporting in accordance with the GRI Standards requires applying the GRI reporting principles which cover report quality principles;
- present a legal liability to the highest governance body.

A few respondents made suggestions about how to amend the formulation of the statement of use to acknowledge the quality and veracity of reported information. These suggestions included:

- verbatim acknowledgement of the quality and veracity of reported information;
- verbatim acknowledgement of the opinion about the extent to which the information is complete and accurate;
- verbatim acknowledgement that the GRI reporting principles have been followed.

GSSB response: Reference to the highest governance body and senior executives' acknowledgement of responsibility for the level of application of the GRI Standards has been removed from the statement of use. The statement of use is to be issued by the organization, and it is to specify whether the reported information has been prepared in accordance with, or with reference to, the GRI Standards.

Guidance has been added to clarify that to issue the statement of use, the organization must comply with the corresponding requirements for reporting in accordance with the GRI Standards or with reference to the GRI Standards.

Disclosure 2-14 in GRI 2: General Disclosures 2021 *(Role of the highest governance body in sustainability reporting) has been revised to clarify the responsibility of the highest governance body with respect to reviewing and approving the reported information, including the organization's material topics. A new requirement has been added to Disclosure 2-14 for the organization to explain the reason for the highest governance body not being responsible for reviewing and approving the reported information, in situations where this is the case.*

No further requirements have been added to acknowledge the quality and veracity of reported information, as this would be redundant with Requirement 1 in GRI 1: Foundation 2021 *to apply the reporting principles and with Disclosure 2-5 in* GRI 2: General Disclosures 2021 *on the organization's approach to external assurance.*

See Requirement 8 in GRI 1: Foundation 2021.

Section 4. Reporting principles

a) General feedback

Some respondents commented on the reporting principles. These respondents:

- acknowledged the lack of description of the relationship between the key concepts and the reporting principles and their roles in the system and function of reporting;
- suggested retaining the reporting principles for defining report content, instead of presenting 'material topic' and 'stakeholder' as key concepts;
- made one-off comments about the Accuracy, Comparability, Completeness, and Verifiability reporting principles.

GSSB response: The introductions have been revised to clarify the function of the key concepts and of the reporting principles. Wording has been amended in reporting principles Accuracy, Comparability, Completeness, and Verifiability based on public comment suggestions.

See section 2. Key concepts and section 4. Reporting principles in GRI 1: Foundation 2021*.*

b) Sustainability context principle

Five respondents commented on the Sustainability context principle, including one respondent who submitted their comments on behalf of 19 individuals. These respondents:

- expressed support for the retention of the Sustainability context principle;
- suggested retaining the performance-based description of the principle and adding guidance about how to apply the principle, based on considerations of:
    - integrating stakeholder perspectives;
    - impacts on natural, human, social, and constructed (or built) capital stocks;
    - fair and proportionate allocations of carrying capacities of natural stocks or of shared or exclusive burden to produce and/or maintain anthropogenic capitals to individual organizations;
    - context-based metrics.

GSSB response: Wording in the guidance to the Sustainability context principle has been amended to clarify that an organization must assess its impacts in the wider context of sustainable development, including in relation to consensus on the limits and demands placed on environmental resources, sustainable development goals and conditions, societal expectations and expectations of responsible business conduct set out in authoritative intergovernmental instruments, and in relation to appropriate local contexts. See Sustainability context principle in GRI 1: Foundation 2021*.*

No further change has been made to the guidance of the Sustainability context principle, using the following rationale:

- *Stakeholder perspectives and stakeholder engagement are foundational concepts and requirements in the GRI Standards. See the key concepts of 'impact', 'material topic', and 'stakeholder' in section 2 of* GRI 1: Foundation 2021*, Disclosures 2-29 and 2-30, and requirements 2-12-b-i, 2-20-a-i, and 2-20-b in* GRI 2: General Disclosures 2021, *and requirements 3-1-b and 3-3-f in* GRI 3: Material Topics 2021 *respectively.*
- *Impacts on the economy, environment, and people, including impacts on their human rights, is the foundational concept in the GRI Standards. See the key concepts of 'impact' and 'material topics' in section 2 of* GRI 1: Foundation 2021*.*
- *The GRI Standards do not set allocations, goals, targets, thresholds, or any other benchmarks for good or bad performance. The GRI Standards contain references to, and disclosures based on, expectations for responsible business conduct set out in authoritative intergovernmental instruments. The GRI Standards enable organizations to report information that can help information users make assessments about the organization's impacts on the economy, environment, and people, and thus how the organization contributes to sustainable development and meets the expectations set out in authoritative intergovernmental instruments.*
- *The GRI Standards include quantitative context-based metrics, where such metrics have been proposed by project working groups or technical committees based on expert consensus on the feasibility of such metrics. Where quantitative context-based metrics do not*

exist, organizations are required to report on their impacts in the absolute to enable information users to assess these impacts in relation to the organization's size and global and local conditions of operations.

GRI 102: About the Organization

Section 2. Organizational details and reporting practices

a) Clarifications requested, editorial changes and new content proposed

Some respondents provided feedback on the disclosures about organizational details and reporting practices. These respondents requested clarifications, and suggested additional contents or editorial changes, including to:

- clarify the term 'significant operations' in REP-1;
- clarify the term 'consolidated groups' in REP-2;
- introduce a requirement to report the publication date of reported information;
- retain the contact point for questions regarding the reported information (Disclosure 102-53 in *GRI 102: General Disclosures 2016*);
- introduce a requirement to report criteria for making restatements in REP-4;
- clarify reporting expectations on external assurance in REP-5 (i.e., how to report what is not assured and the relationship with assurance providers).

GSSB response:

- *The term 'significant' has been removed in requirement 2-1-d (REP-1-d) and the reporting expectation in the guidance has been clarified. See Disclosure 2-1 in* GRI 2: General Disclosures 2021*.*
- *The term 'consolidated group' has been deleted in requirement 2-2-c (REP-2-c) to avoid confusion with its use in other financial instruments. See Disclosure 2-2 in* GRI 2: General Disclosures 2021*.*
- *A requirement has been added to specify the publication date of the report and the requirement to specify the contact point for questions regarding the reported information has been retained. See Disclosure 2-3 in* GRI 2: General Disclosures 2021*.*
- *A recommendation has been added in the guidance to Disclosure 2-4 (REP-4) to report the criteria used by an organization to determine when to issue a restatement. See Disclosure 2-4 in* GRI 2: General Disclosures 2021*.*
- *The reference to 'what has not been assured' has been removed from requirement 2-5-b-ii (REP-5-b-ii) and guidance has been added to clarify the meaning of the 'relationship with assurance providers'. See Disclosure 2-5 in* GRI 2: General Disclosures 2021*.*

Section 3. Organizational activities

a) ACT-2 Employees and other workers

Five respondents raised concerns about the feasibility of reporting information on workers who are not employees and stated that:

- this information will be challenging to compile for large corporations operating in different businesses and regions;
- it will be challenging to measure fluctuations in the number of employees and the number of workers who are not employees;
- the term 'significant fluctuations' needs to be clarified;
- the term 'workers' needs to be clarified.

One respondent suggested adding a new disclosure on rightsholder mapping, identifying people and communities affected or potentially affected by company operations and supply chains.

GSSB response:

- *The requirements for reporting in accordance with the GRI Standards have been revised to permit the use of reasons for omissions for disclosures which are subject to confidentiality concerns, legal prohibitions, which do not apply to the organization, or where information is incomplete or unavailable. This includes Disclosure 2-8 in* GRI 2: General Disclosures 2021 *on workers who are not employees. See Requirement 6 in* GRI 1: Foundation 2021*.*
- *Guidance has been added clarifying the reporting expectation for reporting significant fluctuations, see guidance to the requirements 2-7-e and 2-8-c in* GRI 2: General Disclosures 2021*.*
- *Guidance has been added to clarify the scope of workers who are not employees and whose work is controlled by the organization. See guidance to requirement 2-8-a in* GRI 2: General Disclosures 2021*.*
- *A new disclosure on rightsholder mapping has not been added, as Disclosure 2-29* in GRI 2: General Disclosures 2021 *already requires a list of the categories of stakeholders the organization engages with, which would include those whose human rights are affected or potentially affected by the organization.*

Section 4. Governance

a) Reporting feasibility and reporting burden

Some respondents raised concerns about reporting feasibility and reporting burden of the disclosures on governance. These respondents submitted that:

- region-specific legislation may prevent disclosure of certain elements or differ from practices suggested in the GRI Standards;
- required information might be sensitive or confidential;
- reporting may be challenging for SMEs or put them at a competitive disadvantage when disclosing that governance roles, practices and policies do not exist;
- required information is repetitive of annual financial or other statutory reporting;
- some of the governance disclosures overlap;
- the relevance of the disclosures to sustainable development is unclear.

GSSB response:

- *The reporting model has been revised to permit the use of reasons for omissions for disclosures which are subject to confidentiality concerns, legal prohibitions, which do not apply to the organization, or where information is incomplete or unavailable. See Requirement 6 in* GRI 1: Foundation 2021*.*
- *Disclosures have been consolidated where appropriate.*
- *It has been clarified in the introduction to every Standard, and in the introduction to the Governance section, that if the organization intends to publish a standalone sustainability report, it does not need to repeat information that it has already reported publicly elsewhere, such as on web pages or in its annual report. In such a case, the organization can report on a required disclosure by providing a reference in the GRI content index as to where this information can be found (e.g., by providing a link to the web page or citing the page in the annual report where the information has been published).*
- *The purpose of reporting these disclosures has been clarified in the introduction to the Governance section.*

See section 3. Governance in GRI 2: General Disclosures 2021.

b) Clarifications requested, editorial changes and new content proposed

Some respondents requested clarifications and suggested editorial changes or new content in the governance section, including to:

- clarify the terms ‘under-represented groups’, ‘significant positions’, ‘stakeholder representation’, ‘internal resources’, and ‘critical concerns’;
- expand diversity criteria beyond ‘gender’ when reporting on the composition of the highest governance body;
- require reporting the frequency of engagement between the highest governance body and stakeholders;

- revisit the methodology for calculating the annual total compensation ratio for a more meaningful and feasible approach.

GSSB response:

- *The terms have been clarified as per the public comments.*
- *A recommendation has been added to report on the frequency of stakeholder consultation with the highest governance body. See guidance to requirement 2-12-b-i in* GRI 2: General Disclosures 2021*.*
- *The methodology to report the annual total compensation ratio has been revised. See Disclosure 2-21 (Annual total compensation ratio) in* GRI 2: General Disclosures 2021*.*

Section 5. Responsible business conduct

a) Reporting feasibility and reporting burden

A few respondents raised concerns about reporting feasibility and reporting burden. These respondents submitted that:

- required information in Disclosures RBC-2, RBC-3 and RBC-4 could increase reporting burden for companies that already describe their policies in other sources;
- disclosing grievances in Disclosure RBC-4 is sensitive information.

GSSB response:

- *The requirement to report 'the date of approval' of the policy commitments has been moved to the guidance section. See guidance to requirement 2-23-d in* GRI 2: General Disclosures 2021*.*
- *All other requirements in Disclosures 2-23 (RBC-2), 2-24 (RBC-3), and 2-25 (RBC-4) in* GRI 2: General Disclosures 2021 *have been maintained, as the information requested is relevant and in line with authoritative intergovernmental instruments that organizations are expected to comply with, and it is often underreported.*
- *No change has been made with respect to Disclosure 2-25 (RBC-4) in* GRI 2: General Disclosures 2021*, as the disclosure does not require information on the number of grievances received or the nature of the grievances, but to report the approach to identify and address grievances.*
- *It has been clarified in the introduction to every Standard that if the organization intends to publish a standalone sustainability report, it does not need to repeat information that it has already reported publicly elsewhere, such as on web pages or in its annual report. In such a case, the organization can report on a required disclosure by providing a reference in the GRI content index as to where this information can be found (e.g., by providing a link to the web page or citing the page in the annual report where the information has been published). See 'Using this Standard' in the introduction section of* GRI 2: General Disclosures 2021*.*

b) Clarifications requested and new content proposed

Some respondents proposed adding new requirements about responsible business conduct, including requirements related to:

- the policy commitments related to climate, including commitments made in line with the Paris Agreement;
- the policy commitments related to anti-corruption and political lobbyism;
- the policy commitments that contribute to sustainable development in the areas closest to the organization's business activities;
- how the organization considers and uses the precautionary principle and where there have been incidents or impacts from its incomplete or ineffective implementation;
- the means through which the organization communicates the policy commitments, and how it identifies and removes potential barriers to communication;
- how external inputs are reflected in the policy commitments;
- specific targets, milestones and contribution to the Sustainable Development Goals that relate to the organization's policy commitments;
- procurement or investment policies and practices;

- how the organization ensures compliance with the policy commitments across functions and geographies;
- whether the staff that cover human rights have formal training in human rights;
- how the organization has defined 'caused', 'contributed' and 'directly linked';
- "ethical communications side" to evaluate effectiveness of responsible business conduct measures;
- how the board oversees the mechanisms covered in Disclosure RBC-5 and addresses their effectiveness, and whether these mechanisms are audited by internal and/or external parties;
- the nature of the concerns raised through the mechanisms covered in Disclosure RBC-5.

A few respondents suggested to clarify:

- whether broader trends include social trends in the guidance to Disclosure RBC-1;
- whether Disclosure RBC-4 covers negative impacts related to human rights or negative impacts overall;
- the difference between 'grievance mechanisms' and 'other remediation processes' in Disclosure RBC-4.

GSSB response:

- *Proposed additional requirements have not been added, based on public feedback concerns about reporting feasibility or sensitivity, or due to overlap of proposed content with requirements in other sections or existing Standards.*
- *Some of the additional points have been included as suggestions in the respective guidance sections.*
- *The guidance to Disclosure 2-22 (RBC-1) in* GRI 2: General Disclosures 2021 *has been clarified to indicate that broader trends include social trends.*
- *The scope of Disclosure 2-25 (RBC-4) in* GRI 2: General Disclosures 2021 *has been clarified in the guidance section, to make clear that it covers actual and negative impacts on stakeholders, including impacts on their human rights.*
- *Disclosure 2-25 (RBC-4) in* GRI 2: General Disclosures 2021 *has been revised to make clear the difference between 'grievance mechanisms' and 'other remediation processes'.*

c) RBC-6 Compliance with laws and regulations

A few respondents raised concerns, requested clarifications or proposed changes for Disclosure RBC-6. These respondents stated that:

- 'significant fine' is not a good proxy for impact because thresholds that define 'significance' vary and may be influenced by the size of the organization, and because monetary significance does not equal significant impact;
- it is unclear whether to report all instances of non-compliance for which non-monetary sanctions are incurred or 'significant' instances;
- it is unclear whether 'incurred' refers to fines levied or paid and suggested to separate the disclosure to differentiate between the two;
- it is unclear how to report recurring fines which is an important matter for assurance;
- reporting the nature of each instance of non-compliance may not be feasible for large companies where many instances occur, and it may be subject to "legal privilege" in some territories.

GSSB response:

- *The disclosure has been revised to focus on significant instances rather than significant fines and a requirement has been added to report how significant instances were determined.*
- *The requirements have been separated to distinguish between fines levied and fines paid.*
- *The expectation for reporting whether the fines are recurring has been clarified in the guidance.*
- *The expectation for reporting the nature of instances of non-compliance has been clarified in the guidance.*

See Disclosure 2-27 in GRI 2: General Disclosures 2021*.*

Section 6. Stakeholder engagement

a) SE-1 Approach to stakeholder engagement

A few respondents requested clarifications or proposed new content for Disclosure SE-1, including to:

- report the outcome of the engagement and what decisions were made or influenced as a result;
- report the type and frequency of engagement with each category of stakeholder;
- report whether the engagement resulted in identifying actual and potential negative impacts, or in determining prevention and mitigation responses to potential negative impacts;
- report on Free, Prior and Informed Consent (FPIC);
- clarify the difference between engagement and consultation;
- add 'rightsholder' terminology where appropriate.

GSSB response:

- *The relationship between 'stakeholders' and 'rightsholders', and between 'interests' and 'rights' has been clarified, but the term 'rightsholder' has not been used elsewhere in the Standards as every person is a rightsholder. The GRI Standards use the term 'stakeholder' instead. See section 2.4 Stakeholder in* GRI 1: Foundation 2021*.*
- *No additional requirements have been added due to concerns of reporting feasibility or due to the fact that other GRI disclosures already require information on stakeholder engagement.*
- *Adding requirements to report on Free, Prior and Informed Consent (FPIC) has been deferred for consideration during revisions of the GRI Topic Standards.*

GRI 103: Material Topics

Section 2. Identifying material topics

a) General feedback

Some respondents expressed support for the guidance to identify material topics, and stated that it:

- supports the move from stakeholder-led materiality assessments to using a broader, richer evidence base;
- reflects current best practice, which combines stakeholder input with market and operational context, national and international trends, expert views, etc., and removes the risk of skewing the materiality assessment by choosing a narrow set of external stakeholders;
- highlights the important distinction between an 'organization's ongoing identification and assessment of impacts as part of its regular activities in order to manage its impacts' and the 'identification of material topics for reporting';
- aligns with the *United Nations (UN) Guiding Principles on Business and Human Rights* and the *Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct*.

A few respondents, including those that expressed support for the guidance on identifying material topics, raised concerns about feasibility and stated that:

- while the changes are welcome and will enable better reporting of impact, they will create challenge and confusion;
- identifying impacts, especially negative ones, is challenging, and determining the significance of impacts is a subjective exercise and can be hard to evaluate accurately.

A few respondents requested further guidance or clarification on identifying impacts, determining which business entities and relationships to include in the assessment, assessing significance, defining types of involvement with negative impacts (causing, contributing, directly linked), grouping impacts into topics, and setting a threshold.

Two respondents disagreed with the approach to prioritizing human rights impacts based on severity, stating that it makes the approach inconsistent and could risk including irrelevant information in

reporting. Yet another respondent stated that doing so is challenging. Two respondents suggested that prioritizing impacts based on severity should also apply to the topics of climate change and health and safety.

Respondents also submitted that:

- the proposal that only experts are consulted during Step 4 (Prioritize the most significant impacts for reporting) is not adequate, as experts could be biased by the organization itself, and the organization could manipulate the experts to get what it wants;
- it is not acceptable that an organization is the sole decision-maker in identifying potential and actual impacts. The proposed approach is putting the responsibility on the reporting organization to determine the materiality to the stakeholders. This bears the risk of green-washing and that companies self-censor topics that are material to their stakeholders;
- the identification of relevant stakeholders should be a step of the process;
- the process should be required, rather than recommended.

GSSB response:

- *The importance and role of stakeholder engagement in the process to identify an organization's most significant impacts has been clarified in section 2 of* GRI 1: Foundation 2021*, and a new step has been included for organizations to identify relevant stakeholders in section 1 of* GRI 3: Material Topics 2021*.*
- *Additional guidance and clarification have been provided where possible, such as about the sources organizations can use to identify impacts and how to set a threshold for determining which topics are material, in section 1 of* GRI 3: Material Topics 2021*. However, it should be noted that the GRI Standards are not an impact identification and assessment methodology and, thus, organizations need to refer to other existing methodologies for this purpose.*
- *The approach to prioritizing human rights impacts based on severity has been maintained, in line with the United Nations (UN) Guiding Principles on Business and Human Rights. It has been clarified in section 1 of* GRI 3: Material Topics 2021 *that an organization may also choose to prioritize other impacts, e.g., environmental impacts, based on severity alone.*

Section 3. Reporting on material topics

a) Topic Boundary

A few respondents commented on the revisions to the concept of 'Topic Boundary'. These respondents stated that:

- the removal of the term 'Topic Boundary' and the revised concept is welcome, as it has caused much confusion over the years;
- the concept should be retained as an essential concept for an organization's value chain, which helps it understand the scope of its impacts. For example, a material topic like water stress can be significant, but within a very specific (organizational) boundary.

Four other respondents did not comment on the concept of 'Topic Boundary' but suggested it is important for organizations to consider and distinguish in their reporting between topics that are of relevance throughout a company, and topics that are context specific (e.g., whether a material topic is considered a group-wide issue, or whether it is a concern only in select countries of operation or in connection with select products or business segments).

GSSB response: Requirement MT-2-b-ii in the Universal Standards exposure draft (to report whether the organization is involved with the negative impacts through its own activities or as a result of its business relationships) has been expanded to require a description of the activities or business relationships, and additional guidance has been developed. This will allow organizations to report whether a material topic is considered a group-wide issue or is a focalized issue (e.g., in certain countries, sites, business relationships). See requirement 3-3-b and corresponding guidance in GRI 3: Material Topics 2021*.*

b) Concerns raised, clarifications requested and new content proposed

Some respondents raised concerns or requested clarifications about Disclosures MT-1, MT-2, and MT-3, including to:

- clarify if the organization has to explain what significance means to the organization based on severity and likelihood;
- clarify if the organization has to specify which type of impact it is (e.g., negative, positive, actual, potential);
- require reporting only the most relevant or significant impacts identified for each material topic, as reporting all impacts can be extremely cumbersome for certain large organizations;
- limit the scope of reporting on the effectiveness of the actions taken, as the requirement is currently very demanding;
- revise Disclosure MT-3, as it seems to focus solely on negative impacts, and readers of reports are also interested in positive impacts and how reporting organizations act to magnify them.

These respondents have also proposed to add new requirements, including:

- how stakeholders have been engaged in the process to determine material topics;
- evidence and sources of data that have informed the process to determine material topics;
- the time horizon (short, medium, long term) considered in the impact analysis;
- the threshold and criteria used when determining material topics;
- any changes to the selection of material topics after testing these priorities with external parties;
- changes in the material topics occurring within the reporting period;
- the time frames of the positive impacts and measures being taken to ensure that the positive impacts continue on an ongoing basis;
- how the organization uses root cause analysis;
- an analysis of crucial and huge impacts that occurred in the past.

Feedback from the regional consultations suggested separating requirement MT-2-a (to list material topics) and requirement MT-2-b (to describe the impacts and involvement, for each material topic) into different disclosures. Requirement MT-2-a has to do with materiality in general and MT-2-b requires information about each specific material topic, which is the focus of Disclosure MT-3.

GSSB response:

- *Requirement MT-2-b in the Universal Standards exposure draft (to describe the impacts and involvement, for each material topic) has been moved into Disclosure MT-3. See requirement 3-3-b in* GRI 3: Material Topics 2021*.*
- *A new requirement has been added for organizations to report actions to manage actual and potential positive impacts, in order to make clear that these actions are also to be reported. See requirement 3-3-d-iii in* GRI 3: Material Topics 2021*.*
- *Most of the other points have been addressed in the guidance to the disclosures, as suggestions for what to report, but additional requirements have not been added to the disclosures to keep reporting feasible.*

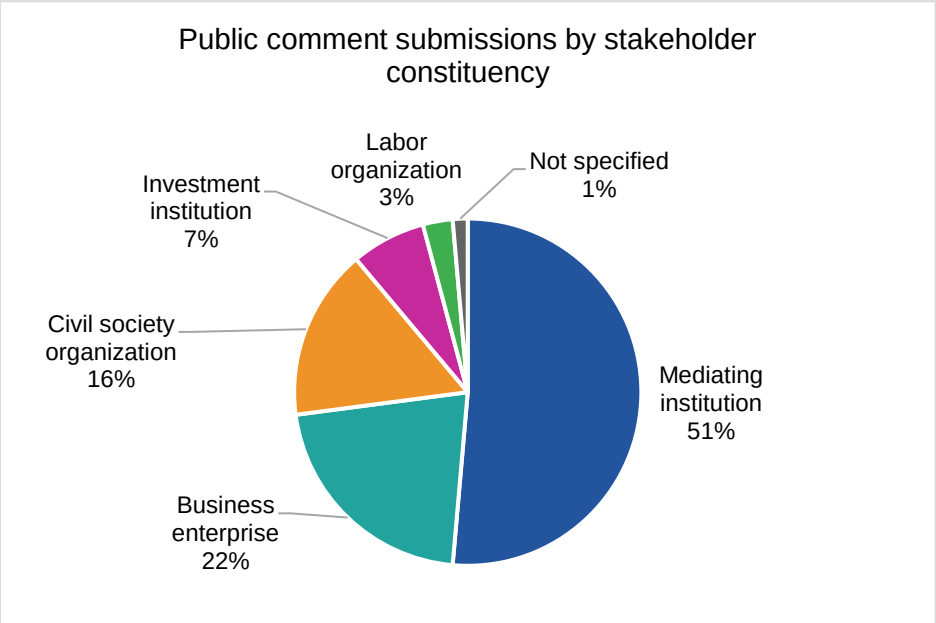
Appendix 1. Participation to regional workshops and webinars

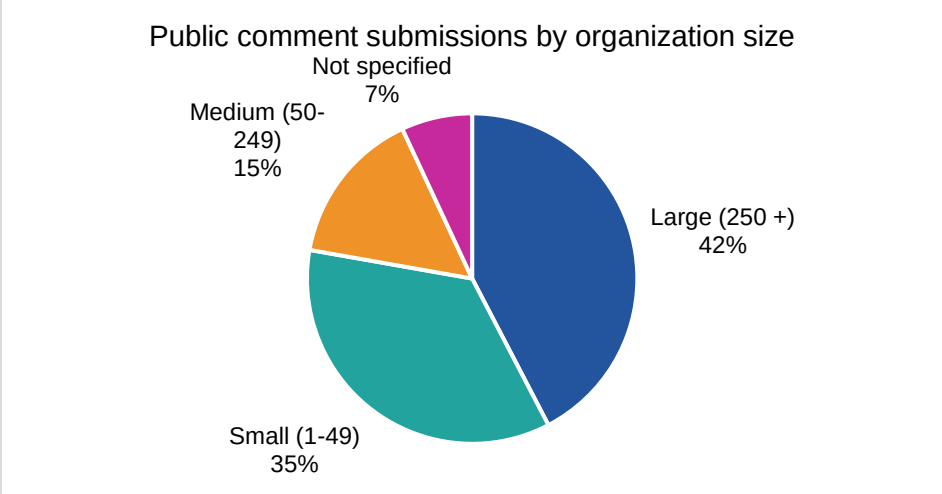
Regional workshops	Date	Number of attendees
Regional workshop North America	27 July 2020	25
Regional workshop Africa	28 July 2020	43
Regional workshop Latin America	31 July 2020	24
Regional workshop South East Asia	17 August 2020	231
Regional workshop Taiwan, China	19 August 2020	18
Regional workshop Hong Kong, S.A.R., China	19 August 2020	32
Regional workshop Mainland China	21 August 2020	23
Regional workshop Singapore	18, 20, 21 August 2020	21
Total		**393**

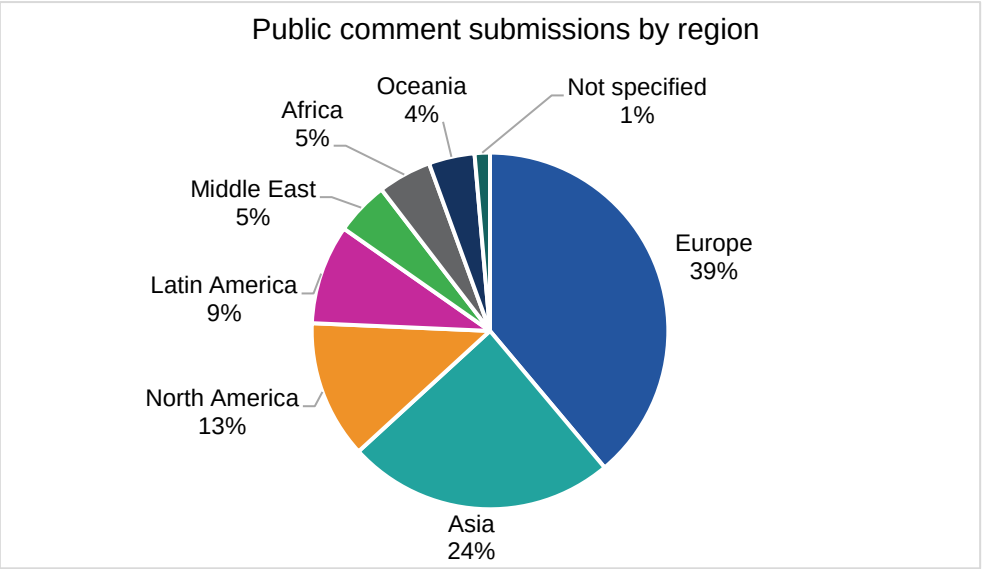
Webinar	Date	Number of attendees
GRI live webinar	24 June 2020	380
GRI live webinar	24 June 2020	372
GRI live Q&A webinar	9 July 2020	72
GRI live Q&A webinar	9 July 2020	80
COVID-19: What COVID-19 means for rethinking stakeholder engagement & materiality assessment	14 July 2020	567
COVID-19: 2020 outlook – innovating the sustainability report	21 July 2020	503
GRI Community webinar - Human rights policy agenda	29 July 2020	43
GRI Community Universal Standards & Sector webinar	18 August 2020	80
GRI live webinar (Spanish)	21 August 2020	245
Total		**2342**

This document does not represent an official position of the GSSB

Appendix 2. Public comment submissions by stakeholder constituency, organization size and region






Public comment submissions by region
Oceania 4%
Not specified 1%
Africa 5%
Middle East 5%
Europe 39%
Latin America 9%
North America 13%
Asia 24%