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Item 08 – GRI Sector Standards Project for Financial Services – Proposed public comment questionnaire for the Capital Markets exposure draft

For GSSB approval

Date	20 December 2024
Meeting	23 January 2025
Description	<p>This document contains a draft public comment questionnaire for the exposure draft of the Capital Markets Sector Standard as part of the GRI Sector Standards Project for Financial Services to be submitted to the GSSB for approval at the upcoming meeting.</p> <p>If approved, the public exposure is proposed to commence in early March 2025 and run until the end of May, and an open questionnaire will be set up online to collect public feedback.</p> <p>This document sets out the proposed questions to be included in the feedback form.</p>

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1 Questions for the GRI Sector

2 Standard Project for Financial

3 Services – Capital Markets exposure

4 draft

5 Scope of the exposure draft

6 *Section 1, 'Sector this Standard applies to' (page 4), outlines the scope of the Standard*

7 *The Sector Standard for capital markets will apply to organizations undertaking any of the following:*

- 8 • *Asset ownership*
- 9 • *Asset management*
- 10 • *Wealth management*
- 11 • *Custodian activities*
- 12 • *Investment advisory*

13 *This Standard can be used by any organization in the capital markets sector, regardless of size, type,*
14 *geographic location, or reporting experience.*

15 Question 1.a

- 16 • For this Standard, is the sector's scope clear and practical? Are there any other activities or
17 types of organizations that should fall within the scope of this Standard? Please suggest what
18 could be improved.

19 Question 1.b

- 20 • Is your organization an asset owner?
 - 21 ○ No
 - 22 ○ Yes – Please consider and respond to the following:
- 23 • Are there any impacts or expectations specific to asset owners' activities missing or not
24 accurately described in the exposure draft? Please explain why and what could be improved.

25 Disclosures on incorporating sustainability in investment (page 15)

26 Through their investments, organizations in the capital markets sector can be involved with the
27 impacts of their investees and their respective value chains on the economy, environment, and
28 people, including human rights. The exposure draft includes disclosures for capital market
29 organizations that focus on incorporating sustainability in investment and assessing and managing
30 impacts from investees (see pages 15-18, Disclosures XX.0.1- XX.0.11). These disclosures aim to
31 provide meaningful information on how impacts are assessed and managed, including roles,
32 responsibilities, and processes for incorporating sustainability in investment. All organizations in the
33 capital markets sector reporting in accordance with the GRI Standards are expected to report these
34 disclosures.

35 Question 2.a

36 Is this section clear? If not, please explain what could be revised and how.

37 Question 2.b

- 38 • Is the information requested in Disclosures XX.0.1-XX.0.11 meaningful to understanding how
39 capital market organizations incorporate sustainability and assess and manage impacts
40 related to their investees? If not, please explain why and what could be improved.

41 Likely material topics

42 Section 2, 'Likely material topics' (pages 19-70), lists 22 likely material topics for the capital markets
43 sector. 'Likely material topics' encompass the sector's most significant impacts and are therefore likely
44 to be material for most capital market organizations to report publicly.

45 '**Impact**' refers to the effect the sector or organizations operating in the sector have, or could have, on
46 the economy, environment, and people. Impacts can be positive or negative. Organizations can be
47 involved with negative impacts through their **activities** or as a result of their **business relationships**
48 (see [GRI 1: Foundation 2021](#) for more information about key concepts).

49 When determining its material topics, a reporting organization in the capital markets sector needs to
50 review each topic described in the Standard and decide if it is material for it to report based on its
51 specific circumstances.

52 Not all topics listed in the Standard may be material for all organizations in the capital markets sector.
53 For organizations reporting in accordance with the GRI Standards, if any of the topics included in the
54 Standard are deemed not material, the organization lists them in the GRI Content Index and provides
55 a short explanation of why they are not material. Other topics not listed in the Standard may be
56 relevant to an organization based on its impacts or context and should also be reported on.

57 Question 3

- 58 • Do the topics included in the exposure draft represent the capital markets sector's most
59 significant impacts and are therefore likely to be material for most organizations in the sector
60 to report? If not, please explain which topics should not be listed as likely material for the
61 sector or which topics or significant impacts are missing.

62 Reporting sub-sections

63 For reporters

64 Section 2, 'Likely material topics' (pages 19-70), also lists relevant disclosures for the capital markets
65 sector to report on each topic. These disclosures are partly derived from existing GRI Topic
66 Standards. However, where disclosures from Topic Standards do not exist or do not provide sufficient
67 information about a capital market organization's impacts in relation to a topic, additional sector
68 recommendations and disclosures are listed.

69 If any of the listed disclosures are irrelevant to the organization's impacts, the organization is not
70 required to report them.

71 Question 4.a

- 72 • Are the disclosures listed in this exposure draft (the recommendations and disclosures in the
73 reporting sections) – relevant for most capital market organizations to report? If not, which
74 disclosure(s) are not relevant and why?

75 Question 4.b

76 Are the additional sector recommendations and disclosures included understandable and
77 feasible to report? If not, please identify which recommendations or disclosures and what
78 could be improved.

79 Question 4.c

- 80 • Are there any significant impacts on the economy, environment, or people that are not
81 reflected in the reporting in this exposure draft but are relevant for most organizations in the
82 sector?

83 Question 4.d

- 84 • Is it clear whether the disclosures listed in this exposure draft (the recommendations and
85 disclosures in the reporting sections) apply to a capital market organization's activities,
86 business relationships, or both?

87

88 For information users

89 Section 2, 'Likely material topics' (pages 19-70), also lists relevant disclosures for the capital markets
90 sector to report on each topic. These disclosures are partly derived from existing GRI Topic
91 Standards. However, where disclosures from Topic Standards do not exist or do not provide sufficient
92 information about a capital market organization's impacts in relation to a topic, additional sector
93 recommendations and disclosures are listed.

94 The additional sector reporting included in the Standard outlines further information that has been
95 identified as relevant for organizations in the capital markets sector to report in relation to a topic. The
96 reporting organization should provide sufficient information about its impacts in relation to each
97 material topic so users can make informed assessments and decisions about the organization.

98 **Question 5.a**

- 99 • Are the disclosures listed in this exposure draft (the recommendations and disclosures in the
100 reporting sections) critical and useful for information users to understand an organization's
101 impacts related to each topic? If not, please explain what could be improved.

102 **Question 5.b**

- 103 • Are there impacts currently not (sufficiently) covered by the disclosures in this exposure draft,
104 but you would expect to see reported by capital market organizations? If so, please explain
105 what should be included and the rationale for inclusion.

106 **Topic-specific questions**

107 **Climate change (page 19)**

108 This topic covers how organizations contribute to climate change, including the transition to a low-
109 carbon economy, climate change mitigation and adaptation, and securing a just transition. Reporting
110 on this topic covers a capital market organization's approach to managing climate change-related
111 impacts, including its contribution to real economy decarbonization, its approach to investees'
112 transition plans and just transition principles, and its contribution to climate change adaptation and
113 resilience.¹

114 **Question 6.a**

- 115 • Are the disclosures listed (the recommendations and disclosures in the reporting section)
116 likely to generate critical information on capital market organizations' approach to climate
117 change? Is there anything missing? Please explain what could be revised and how.

118 **Question 6.b**

- 119 • Does the proposed reporting meet transparency expectations for the sector regarding climate
120 change? Are there any gaps or additional information that should be included?

121 **Biodiversity (page 24)**

122 This topic covers organizations' impacts on biodiversity, including genetic diversity, animal and plant
123 species, and natural ecosystems. Reporting on this topic covers policies for providing products and
124 services to investees that can or could have an impact on biodiversity, including through the use of
125 genetic resources. It also covers actions of capital market organizations to assess their portfolios,
126 identify investees with the most significant impacts on biodiversity, and actions to halt and reverse
127 biodiversity loss.

128 **Question 7.a**

- 129 • Are the disclosures listed (the recommendations and disclosures in the reporting section) likely
130 to generate critical information on capital market organizations' approach to biodiversity and
131 how they manage related impacts? Is there anything missing? Please explain what could be
132 revised and how.

133 **Question 7.b**

¹ The likely material topic Climate change lists relevant disclosures from the Climate Change Topic Standard exposure draft. These disclosures are subject to change based on the final revisions to this Topic Standard, which is expected to be released in Q1 2025.

- 134 • Does the proposed reporting meet transparency expectations for the sector regarding
135 biodiversity? Are there any gaps or additional information that should be included?

136 **Financial health and inclusion (page 31)**

137 This topic covers an organization's approach to promoting financial health and inclusion. Reporting on
138 this topic includes actions and processes aimed at improving access to and usage of investment
139 products and services for identified targeted client and investee groups, as well as the percentage of
140 assets under management allocated to micro-, small-, and medium-sized enterprises (MSMEs).

141 **Question 8.a**

- 142 • Is what this topic covers clear? Are there impacts missing from the topic description? If so,
143 please explain what could be revised and how.

144 **Question 8.b**

- 145 • Are the disclosures listed (the recommendations and disclosures in the reporting section)
146 likely to generate critical information on capital market organizations' approach to financial
147 health and inclusion, and how they manage the related impacts? Is there anything missing?
148 Please explain what could be revised and how.

149 **Local communities and rights of Indigenous Peoples (page 39)**

150 This topic covers socioeconomic and human rights impacts on local communities and the rights of
151 Indigenous Peoples, including in relation to cultural heritage and health. These impacts can stem from
152 investing in infrastructure projects and economic activities leading to environmental degradation,
153 displacement, involuntary resettlement, or changes in land use. Reporting on this topic focuses on
154 managing impacts from investees.

155 **Question 9.a**

- 156 • Is what this topic covers clear? Are there impacts missing from the description? If so, please
157 explain what could be revised and how.

158 **Question 9.b**

- 159 • Additional sector recommendation XX.8.1 recommends organizations describe their approach
160 to managing impacts from investees on local communities and rights of Indigenous Peoples,
161 including quality assessments of investees' stakeholder engagements, safeguarding human
162 rights defenders, and direct engagement with affected stakeholders.
163 ○ This additional sector recommendation is currently included for the topic of local
164 communities and rights of Indigenous Peoples. Should it also be included for other
165 human rights topics? If so, which topics?

166 **Conflict-affected and high-risk areas (page 41)**

167 This topic covers an organization's approach and impacts related to operating in or providing services
168 to investees in conflict-affected and high-risk areas. Reporting on this topic addresses due diligence
169 expectations and adherence to international humanitarian law for investees, portfolio exposure,
170 contextual information on how investment portfolios are exposed to these areas, and the
171 organization's approach to providing products and services to investees in the defense sector.

172 **Question 10.a**

- 173 • Is what this topic covers clear? Are there impacts missing from the description? If so, please
174 explain what could be revised and how.

175 **Question 10.b**

- 176 • Are the disclosures listed (the recommendations and disclosures in the reporting section)
177 likely to generate critical information on capital market organizations' approach and impacts
178 related to conflict-affected and high-risk areas, including due diligence expectations and
179 adherence to international humanitarian law? Is there anything missing? Please explain what
180 could be improved.

181 **Economic impacts (page 61)**

182 This topic covers an organization's impacts on economic systems, including the economic well-being
183 of their stakeholders through operations, the quality of products and services, and business
184 relationships at local, national, and global levels. Reporting includes the direct economic value

185 generated and distributed and financial assistance received from governments, including interventions
186 during financial crises.

187 **Question 11.a**

- 188 • Is this topic's scope clear? Are there impacts missing from the description? If so, please
189 explain what could be revised and how.

190 **Question 11.b**

- 191 • How do capital market organizations affect economic systems through their products,
192 services, and investments? Please explain your answer.

193 **Question 11.c**

- 194 • Are the disclosures listed (the recommendations and disclosures in the reporting section)
195 likely to generate critical information on capital market organizations' impacts on economic
196 systems and how they manage the related impacts? Is there anything missing? Please
197 explain what could be improved.

198 **Prevention of corruption and financial crime (page 63)**

199 This topic covers the impacts of corruption and financial crime, focusing on how capital market
200 organizations can prevent such activities through their services and business relationships. Reporting
201 on this topic covers procedures and operations assessed for risk of corruption and financial crime,
202 training, communication of policies and procedures, and incidents of corruption and financial crime.

203 **Question 12.a**

- 204 • Is what this topic covers clear? Are there impacts missing from the description? If so, please
205 explain what could be revised and how.

206 **Question 12.b**

- 207 • Are the disclosures listed (the recommendations and disclosures in the reporting section) likely
208 to generate critical information on capital market organizations' approaches and impacts on
209 preventing corruption and financial crime? Is there anything missing? Please explain what
210 could be improved.

211 **Public policy (page 69)**

212 This topic covers an organization's approach to advocacy and the impacts that can result from the
213 influence an organization exerts. Reporting on the topic focuses on political contributions and
214 resources allocated to public policy engagement.

215 **Question 13.a**

- 216 • Do you think the section 'Disclosures on incorporating sustainability in investment' on pages
217 15-18 should include additional disclosures on public policy beyond those covered in this
218 likely material topic? Please explain.

219 **Question 13.b**

- 220 • If yes, should disclosures follow the structure of the disclosures on incorporating sustainability
221 in investment, which highlights different organizational features (governance, roles and
222 responsibilities, and actions taken)?

223 **Public and customer health and safety (page 70 [of the insurance exposure draft])**

224 Public and customer health and safety is a likely material topic in the exposure draft of the Insurance
225 Sector Standard. This topic addresses how insurance organizations utilize their risk expertise beyond
226 their core business to support public and customer health and safety, including through product and
227 service design, incentives, awareness-raising on risks, and collaboration with stakeholders on
228 disaster preparedness. In addition, the topic addresses how organizations in the insurance sector can
229 be involved with impacts related to health and safety through their business relationships (e.g.,
230 insuring or investing in organizations that manufacture tobacco).

231 While this topic is tailored for the insurance sector, an adapted version for the capital markets sector
232 could address their involvement with public health and safety impacts through business relationships,
233 such as investing in organizations involved with negative impacts on health and safety.

234 **Question 14**

- 235 • Do you consider an adapted version of this topic to be material for the capital markets sector?
236 If so, what specific impacts might capital market organizations have regarding this topic?

237 **Open question**

238 **Question 15**

- 239 • Are there any other comments or feedback you would like to provide about the capital
240 markets exposure draft?

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