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GSSB summary of the virtual call held on 16 October 2024

Approved by the GSSB on 12 December 2024

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1 Participants

2 Present:

Name	Constituency
Carol Adams	Chair
Jeff Robertson	Vice-Chair
Loredana Carta	Labor
Peter Colley	Labor
Rebecca Coriat	Investment institution
Chulendra De Silva	Mediating institution
Giulia Genuardi	Business enterprise
Corli le Roux	Mediating institution
Tomoo Machiba	Mediating institution
Deborah Ng	Investment Institution
Igazeuma Okoroba	Business enterprise
Jennifer Princing	Business enterprise
Gangaa Charan Sharma	Business enterprise
Galya Tsonkova	Business enterprise

3 Apologies:

Name	Constituency
Anna Nefedova	Mediating institution

4 In attendance from GRI:

Name	Position
Bastian Buck	Chief of Standards
Harold Pauwels	Director Standards
Thamar Zijlstra	Senior Manager Standards
Miguel Pérez Ludeña	Research Lead
Alper Ozdemir	Research Associate
Matthew Dunn	Manager Standards
Margherita Barbieri	Manager Standards
Gillian Balaban	Sr. Coordinator Governance Relations

5 List of abbreviations

Abbreviation	Full name
GRI	Global Reporting Initiative
GSSB	Global Sustainability Standards Board
SD	Standards Division

6 Decisions and action items

7 The GSSB resolved to approve the following:

GSSB Decision	Item number
2024.18	02 – Draft summary of the GSSB meeting held on 12 September 2024
2024.19	03 – GRI Topic Standard Project for Pollution – Proposed members for Working Group

8 Action items to consider are as follows:

Action items	
Session 2.1	Find GRI Topic Standard Project for Pollution WG members from the Middle East and Oceania regions.
Session 2.3	The SD to address technical issues raised by the GSSB with the GRI Topic Standard Project for Economic Impact WG.

9 Session 2.1: Welcome to meeting

10 The Global Sustainability Standards Board (GSSB) Chair Carol Adams (henceforth the Chair)
11 welcomed the GSSB. The Chair presented an overview of the meeting agenda. A quorum was
12 established, and the above items were presented to the GSSB for approval.

13 The Chair enquired about the previous action item to identify a GSSB sponsor for the Sector Standard
14 Project for Financial Services. Bastian Buck noted that no one has come forward yet, but there is
15 interest. The Chair encourages willing GSSB members to discuss the role.

16 The Chair presented, for approval, Item 03 – [GRI Topic Standard Project for Pollution – Proposed](#)
17 [members for Working Group](#). GSSB comments regarding the WG composition were as follows:

- 18 • Middle East and Oceania lack representation.
- 19 • Revise candidate 12 classification from ‘Mediating Institution’ to ‘Civil Society Organization’.
- 20 • Listed members holding PhDs are not currently in academia, except for candidate 12.

21 The GSSB agreed to approve the WG members listed under Item 03, on the condition that efforts be
22 made to find members from the Middle East and Oceania regions.

23 GSSB members provided feedback related to sustainability reporting in their geographical area or
24 stakeholder constituency. The following points highlight the common themes presented:

- 25 • **Shift toward mandatory sustainability reporting:** South Africa, Sri Lanka, Canada, the UK,
26 Asia, and Europe are moving toward mandatory sustainability disclosures, often aligned with
27 ISSB or IFRS. Regulatory initiatives and national standards are developing, as with South
28 Africa’s planned adoption of ISSB standards and Sri Lanka’s SME-focused framework.

- 29 • **Impact vs. risk reporting:** Discussions in Australia and other regions highlight the distinction
30 between risk and impact reporting, emphasizing the need to focus on both. The realization
31 that impact reporting cannot be assumed from risk assessments is gaining prominence.
- 32 • **Greenwashing and regulatory scrutiny:** In Canada, new legislation (Bill C-59) targets
33 greenwashing, requiring companies to substantiate sustainability claims. Other regions are
34 also emphasizing transparency and regulatory scrutiny to ensure credible reporting.
- 35 • **Interest from accounting bodies and governments:** Australia, Japan, and Hong Kong see
36 increasing engagement from accounting bodies and governments in sustainability reporting.
37 These groups seek guidance on incorporating sustainability into traditional financial reporting.
- 38 • **Focus on digitalization and reporting frameworks:** Asia and other regions are increasingly
39 focusing on the role of digitalization and carbon markets in sustainability. Digital tools and
40 taxonomies are becoming essential for accurate, efficient sustainability disclosures.
- 41 • **Challenges of localizing global standards:** Japan and Sri Lanka are dealing with the
42 complexities of applying international sustainability standards locally, particularly in labor and
43 impact reporting.
- 44 • **Carbon markets and environmental regulations:** Africa, Europe, and Asia are seeing
45 growth in carbon market frameworks and other environmental regulations, focusing on climate
46 action and impact reporting. In Africa, businesses are often absent from key consultations.
- 47 • **Corporate and investor focus:** In the UK and US, corporate and investor attention is
48 increasingly shifting towards compliance with the CSRD and SEC rules, respectively. There
49 has also been a notable increase in in-house corporate responsibility for sustainability efforts.

50 Chief of Standards, Bastian Buck, provided an overview of the ongoing work at GRI. This includes
51 collaborations with other standard-setting entities like ISSB and EFRAG. Concerning the ISSB
52 relation, the focus is on educating the board and staff on the work relating to Sector Standards,
53 biodiversity, and labor, as the standard-setting agendas overlap. With EFRAG, the focus is on the
54 Sector Standards and issuing an authoritative index that maps out the ESRS against the GRI
55 Standards. Notable projects in progress include a public consultation on labor-related disclosures and
56 the development of the XBRL taxonomy for GRI Standards. GRI also works to ensure interoperability
57 between its taxonomy, other global standards, and jurisdictional requirements. Upcoming events,
58 such as the biodiversity-focused engagements at COP 16, are part of ongoing efforts to position GRI
59 as a key player in these discussions.

60 **Session 2.2: Research project –** 61 **Digitalization impacts**

62 Research Associate, Alper Ozdemir and Research Lead, Miguel Pérez Ludeña, presented the key
63 points and recommendations of the research paper on the impacts of digitalization. The presentation
64 focused on the main findings and insights that inform the recommendations outlined in the paper.

65 The GSSB discussed the recommendations as proposed by the Research Team. From the questions
66 and comments, three broad themes emerge as follows:

67 **Theme 1: Diversity, inclusion, and digitalization in labor practices**

68 • **Under recommendation 1, what are the implications for *GRI 405: Diversity and Equal*
69 *Opportunity*?**

70 Concerns about AI tools in recruitment focus on their lack of transparency and biases that
71 may disadvantage marginalized communities. There is a need for research on AI's impact on
72 financial services, particularly on credit scores and insurance. GSSB and SD responses
73 stress the importance of addressing AI biases, incorporating diversity and inclusion into labor
74 standards, and addressing privacy and cybersecurity to mitigate discrimination risks.

75 • **Confirm whether surveillance and algorithmic decision-making risks are included in
76 the labor rights section and how these issues are addressed for workers.**

77 The labor project addresses these issues, and collaboration with a digitalization project could
78 enhance efforts. Algorithmic bias is a concern, as traditional HR processes can replicate
79 these biases. Standards and guidance are needed for both human and algorithmic decision-
80 making. Surveillance is another issue, extending beyond recruitment to monitoring workers in
81 various industries, raising concerns about data misuse and discrimination.

82 **Theme 2: Digitalization and its impacts across various Standards**

83 • **Does the research address long-term predictions about digitalization becoming a
84 baseline technology?**

85 The recommendation is to revise existing topics rather than create a separate digitalization
86 topic highlighting the growing integration of digital impacts across all areas, such as
87 environmental, labor, economic, and social. A standalone topic may become outdated. The
88 impact of digitalization varies by sector, with different applications in agriculture compared to
89 financial services, suggesting the need for sector-specific research.

90 • **Does the research consider the broad impacts of digitalization across various topics
91 and how could this be integrated into *GRI 3* specifically under *Disclosure 3-3*
92 *Management of material topics*?**

93 The research applies a digitalization lens to all Standards, but it is too early to confirm its
94 inclusion in *Disclosure 3-3*. Integration into various Topic and Sector Standards is expected to
95 enhance disclosure expectations. No significant changes to *GRI 3* are planned in the next two
96 to three years. Rapid technological advancements and new ISO standards may influence GRI
97 reporting, and alignment with these standards can help organizations comply with
98 international regulations.

99 • **Any other comments on Recommendation 2?**

100 While companies report greenhouse gas emissions from cloud use under Scope 3, concerns
101 about the broader environmental impacts of digitalization remain. Future guidance may be

102 needed to compare the emissions linked to digitalization with its benefits. The definition of
103 'digitalization' is challenging, particularly with emerging technologies, and guidance could help
104 sectors understand the implications of digitalization on their environmental impacts.

105 **Theme 3: Sector-specific research and recommendations**

- 106 • **Any comments on Recommendation 3 regarding sector-specific impact research?**

107 Advancing the Sector Standards is essential, as the impacts of digitalization vary. Some
108 sectors may experience limited effects, while others, such as software and platform
109 companies, will face significant impacts. Sector-specific research is needed, but broader,
110 sector-agnostic disclosures should apply to all companies.

- 111 • **Any comments on Recommendations 4 and 5?**

112 The GSSB agrees with both recommendations, as these have been discussed alongside
113 other recommendations. GRI should consider publishing informal materials on digitalization,
114 as the market is interested in GRI's perspective.

115 **Session 2.3: GRI Topic Standard** 116 **Project for Economic Impact –** 117 **Working paper**

118 Matthew Dunn, Manager Standards, presented an update on the GRI Topic Standards Project for
119 Economic Impact and its working paper on proposed updates to *GRI 201: Economic Performance*
120 *2016*.

121 In response to GSSB questions and comments, the following points were made:

- 122 • The proposed value-added statement can help show how value is distributed among
123 stakeholders, including the environment. It also highlights externalities and disparities in value
124 distribution, such as differences in employee wages across markets, which can guide how
125 organizations assess and manage value creation. The value-added statement focuses on
126 monetary flows, which can limit capturing broader, more ambiguous concepts of value,
127 meaning it will be necessary to define relevant terms clearly.
- 128 • By including additional context in the value-added statement or business model disclosures,
129 organizations can show how sustainability informs their short-, medium-, and long-term plans.
130 These disclosures provide insight into how sustainability commitments impact operations and
131 value distribution to stakeholders, reinforcing financial data with real-world evidence while
132 also creating links with other relevant Standards, such as the Topic Standard for Climate
133 Change.

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- The value-added statement builds on existing reporting practices without requiring a complete overhaul, as many elements are already in place in *GRI 201*. The focus is on refining technical aspects and adding value through more insights. The aim is to ensure companies do not need to collect new information but rather organize existing financial data to offer greater visibility into their impacts. The project’s working group acknowledges that more work is needed to determine whether this proposal should be a leadership practice recommendation or a required disclosure.
 - Questions were raised on whether emphasizing economic impacts in business model disclosures could unintentionally prioritize them over social and environmental impacts. The working group acknowledged that business model disclosures could add value, but there is uncertainty on whether to include other performance-specific aspects now or wait for more holistic development. The SD and working group will continue to discuss how best to limit the reporting burden and align regulatory timelines, Universal Standards, Topic Standards, and Sector Standards.
 - The SD will raise technical issues with the working group about defining workers versus employees in reporting, especially regarding revenue per employee metrics, which can be manipulated by shifting workers to contractors. There is also inconsistency between figures in the value-added reporting for salaries, taxes, and supplier payments, raising whether suppliers belong in direct costs or value-added sections. Mining companies already include payments to suppliers in their economic contribution reports, but further clarification is needed to avoid distorting behaviors by placing monetary values on certain disclosures.
 - The GSSB agreed to the SD’s proposals, provided that the points raised during this session are addressed.

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Session 2.4: GRI Topic Standard Project for Climate Change – Public comment feedback

160 Margherita Barbieri, Manager Standards, presented the public comment period (PCP) feedback for
161 the GRI Topic Standards Project for Climate Change. The PCP provided positive feedback on the
162 content and structure of the Climate Change and Energy Standards, particularly on reporting climate
163 impacts and incorporating the just transition within different disclosures. There was no feedback
164 indicating interoperability issues with other reporting frameworks.

165 In response to GSSB questions and comments, the following points were made:

166 **Climate Change:**

- 167 • Support was expressed in keeping the transition and adaptation plan disclosures separate,
168 while others questioned whether they should be merged as they share certain aspects (e.g.,
169 governance). The TC suggestion was to keep the disclosures separate, as transition and
170 adaptation strategies lead to different impacts, but it recommended revising the just transition
171 disclosure so that metrics apply to both. An additional requirement was added for
172 organizations to describe how the adaptation plan aligns with the just transition principles.
- 173 • The feasibility of reporting Scope 3 removals was also questioned, but the TC suggested
174 removing this requirement and moving it to the guidance section.

175 **Energy:**

- 176 • Suggestions were made to add content on impacts related to energy consumption and the
177 transition to renewable energy, preferably at the requirement level. A new requirement has
178 since been added to EN-1 to report on impacts related to energy consumption and the
179 transition to renewable energy.
- 180 • The reporting burden was highlighted around collecting data under EN-3 on energy
181 consumption in the value chain. The TC suggested keeping these requirements with a small
182 amendment, clarifying that information for each of the 15 categories is not required. Further
183 guidance will also be developed to help organizations report on this.

184 **Session 2.5: Any other business and**
185 **close of public sessions**

186 No other business was raised, and the Chair closed the public meeting at 13.30 Central European
187 Summer Time (CEST).