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Item 08 – Final Project Proposal for the Review of GRI’s Universal Standards

For GSSB Approval

Date	12 March 2019
Meeting	25-26 March 2019
Project	Review of GRI’s Universal Standards
Description	<p>This paper sets out the final project proposal for the review of GRI’s Universal Standards. In accordance with the Due Process Protocol the draft proposal was discussed by the GSSB at the 7 February GSSB meeting. The GSSB did not recommend any changes at that time. The Project Proposal was then shared with the GRI Stakeholder Council and the GRI Board after the meeting.</p> <p>The GRI Stakeholder Council did not provide any comments that led to any revisions to the proposal, however they did make the following comment specifically in respect of human rights disclosures:</p> <p>“Whilst there is agreement that human rights disclosures are key, there is not agreement to removing the human-related GRI specific standards and making human rights disclosures mandatory for all reporting organizations, regardless of materiality. There is concern that this approach might be unclear and result in a decreased focus on human rights issues.”</p> <p>The GRI Board also received the proposal but did not recommend any changes to the proposal.</p>

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board’s discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard-setting body of GRI. For more information visit www.globalreporting.org.

Project background

The Universal Standards (GRI 101, 102 and 103) were created in 2016 as part of the transition to GRI Standards. This transition was primarily focused on restructuring the existing content of the GRI Guidelines into a set of modular standards; no significant content revisions were made.

During the transition, the GSSB identified the Reporting Principles and sections of *GRI 102: General Disclosures* – which have not undergone a comprehensive review since 2006 – as well as the ‘in accordance’ criteria as areas that should undergo a revision once the modular structure was in place and first experience has been gained with the implementation of the GRI Standards.

The GSSB issued a number of clarifications to core concepts underpinning the reporting framework during the transition. These were notably to address areas that were commonly misunderstood, such as the focus on the organization’s outward impacts on the economy, the environment, and society, how to define the ‘topic Boundary’ and how to report on topics not covered by the GRI Standards, as well as providing further clarity in selected general disclosures and in the management approach.

In recent years the field of responsible business conduct has continued to evolve with new approaches such as the United Nations Guiding Principles on Business and Human Rights (2011) now being adopted by many organizations. The core concepts and principles of the UN Guiding Principles have also extended beyond the field of human rights and are increasingly being applied to other areas of responsible business conduct, such as the environment, as evidenced by the OECD Guidelines for Multinational Enterprises (2011) and the OECD Due Diligence Guidance for Responsible Business Conduct (2018). Since 2018, a GRI Technical Committee has been developing recommendations on how to update GRI’s human rights-related Standards in light of these developments, including how these developments may impact core concepts, principles and disclosures in the GRI Standards.

The above developments and the recommendations arising from the review of GRI’s human rights-related Standards result in the need for revisions to the Universal Standards; principally to:

- incorporate the expectation of due diligence into *GRI 103: Management Approach*,
- embed new mandatory human rights-related disclosures for all reporting organizations, and
- review core reporting concepts, such as materiality, stakeholder inclusiveness and topic Boundary, in light of developments in responsible business conduct set out in key instruments.

In order to continuously improve the GRI Standards and to enhance the experience for reporting organizations and other stakeholders, general disclosures and the ‘in accordance’ criteria in the Universal Standards will be considered for revision alongside the structure and presentation format of the GRI Standards.

Project objectives and scope

The primary driver for revising the Universal Standards is to address the recommendations arising from the current review of GRI’s human rights-related Standards (see Work Stream 1 below). Feedback received from the GSSB during the transition to Standards and from reporting organizations and other stakeholders, as well as information gathered through reviews of sustainability reports using the GRI Standards, have provided further areas of the Universal Standards to be addressed (see Work Streams 2 to 4 below).

- 43 Overall the project aims to:
- 44 • Integrate the expectation of due diligence into the GRI Standards
 - 45 • Provide greater clarity on key concepts, reporting principles and disclosures in the Universal
 - 46 Standards and ensure they are aligned with recent developments in the area of responsible
 - 47 business conduct
 - 48 • Assist reporting organizations in understanding the reporting requirements and how they
 - 49 demonstrate compliance in a transparent way
 - 50 • Drive consistent application of the GRI Standards
 - 51 • Encourage more relevant and comprehensive reporting for experienced reporting
 - 52 organizations
 - 53 • Enable first time reporters and SMEs to more easily apply the GRI Standards
 - 54 • Improve overall usability of the GRI Standards.

55 The project is split into 4 work stream areas which can be addressed independently and the GSSB
56 will carry out this project in separate concurrent work streams as detailed below. Note that any
57 recommendations arising in Work Streams 1, 2 and 3 will impact upon Work Stream 4.

58 A sub-committee of 3 GSSB members will be convened to provide overall advice and direction on all
59 areas of the project, with the existing GRI Technical Committee on Human Rights Disclosure
60 providing specific input for Work Streams 1 and 2.

61 For Work Streams 2, 3, and 4 the Standards Division will perform research and consult third party
62 research to understand current reporting practices and will hold discussions with reporting
63 organizations and other stakeholders to understand challenges in adoption of the existing reporting
64 principles and disclosures in the Universal Standards, as well as overall clarity and accessibility of the
65 structure and presentation of the GRI Standards.

66 A stakeholder consultation process will be undertaken to assess the feasibility and practicality of all
67 recommendations arising from all four work streams.

68 The project will follow the GSSB Due Process Protocol, the implementation of which will be
69 overseen by the Due Process Oversight Committee (DPOC).

70 Upon approval of this project proposal, the Standards Division will develop a Terms of Reference
71 for the GSSB Sub-Committee for approval by the GSSB, which will outline the specific mandate of
72 the Sub-Committee and a detailed timeline for all work streams.

73 ***Work Stream 1: Human rights and due diligence related disclosures***

74 This work stream will look at incorporating into the Universal Standards the following
75 recommendations made by the GRI Technical Committee on Human Rights Disclosure:

- 76 • human rights disclosures which will be mandated for all reporting organizations
- 77 • due diligence concept (based upon the UN Guiding Principles and the OECD Due Diligence
- 78 Guidance) into *GRI 103: Management Approach*

79 As a result of the above changes *GRI 412: Human Rights Assessment*, and potentially other GRI human
80 rights-related Standards, will be removed. Specific recommendations will be made as to where in the
81 Universal Standards the human rights disclosures will be located, and related impacts on structure
82 and length of existing Universal Standards will be considered as part of Work Stream 4.

83 ***Work Stream 2: Reporting Principles***

84 This work stream will look at revising the Reporting Principles for defining report content in *GRI*
85 *101: Foundation* and related disclosures in *GRI 102: General Disclosures*. The revisions will be informed

86 by the recommendations of the GRI Technical Committee on Human Rights Disclosure and through
87 research conducted by the Standards Division on current application of the GRI Standards in
88 sustainability reports, along with research conducted by other parties. This work stream is likely to
89 include revisions to the concepts of stakeholder inclusiveness, materiality and topic Boundary.

90 There may be some implications for the Reporting Principles for defining report quality resulting
91 from these revisions which will be evaluated.

92 **Work Stream 3: ‘In accordance’ criteria**

93 The two options for preparing a report in accordance with the GRI Standards: Core and
94 Comprehensive determine specific requirements for reporting organizations to meet and impact
95 upon the extent of disclosures reported. The GSSB has previously committed to revisiting the ‘in
96 accordance’ criteria for amendment and therefore, through research conducted on existing
97 sustainability reports which apply the GRI Standards and investigation of reporting mechanisms used
98 by other standard setters, a revised reporting model will be recommended.

99 This work stream will aim to build on the concept of the GRI-referenced claim and the related
100 Standard Interpretation to GRI 101: Foundation 2016. Finally, this work stream will consider the
101 contents currently developed in the Sector Program.

102 Any changes to the reporting model will need to consider any potential impact upon SMEs and first-
103 time reporters, general disclosures, other GRI Standards, as well as implications for the process for
104 organizations to notify GRI of the use of the Standards, and transition periods for adoption.

105 **Work Stream 4: General disclosures**

106 Based upon reviews of existing sustainability reports there may be revisions recommended for
107 specific general disclosures. These can include:

- 108 • consolidation and development of disclosures directly arising from revisions made in other
109 work streams of this project.
- 110 • clarification or revision of existing disclosures
- 111 • removal of outdated disclosures, and

112 These revisions to the general disclosures are likely to increase the overall length of *GRI 102: General*
113 *Disclosures* and a review of its structure will therefore be undertaken.

114 **Structure and format of Universal Standards**

115 The project will consider the impacts upon all GRI Standards as a result of changes adopted in Work
116 Streams 1 to 4; e.g., the introduction sections and references to revised Universal Standards.

117 It will also consider the overall format and presentation of the Standards, their usability, navigation
118 and communication of changes to improve accessibility and understandability by reporting
119 organizations and other stakeholders.

120 **Next steps**

121 Project commencement and timing: subject to approval by the GSSB, the project will commence in
122 March 2019 with the intention of developing an exposure draft for GSSB approval in September
123 2019. A public comment period would then commence in October 2019.

124 Appointment of GSSB Sub-Committee: in March 2019, the GSSB will appoint a sub-committee of 3
125 of its members and the Standards Division will develop Terms of Reference for the Sub-Committee.

126 Input requested from the GSSB

127 Comments are invited on:

- 128 1. The project **objectives and scope** outlined in this proposal.
- 129 2. Recommendations on **developments** or research that should be taken into account during
130 the content development process, and **organizations and experts** that could be invited to
131 join the stakeholder consultation process or for other input during the project.
- 132 3. The Standards Division proposes to organize a **Sub-Committee of three GSSB**
133 **members** to advise on the direction of the project. Two members have been identified and
134 a third volunteer is sought to join the Sub-Committee.