



Item 11 – GRI Guidance Project – Relationships between Impacts, Risks and Opportunities – Project proposal

For GSSB discussion and approval

Date	04 June 2025
Meeting	19 June 2025
Description	<p>This paper sets out the project proposal to develop guidance on the relationship between impacts, risks, and opportunities.</p> <p>The draft proposal has been reviewed by the GRI Supervisory Board and Stakeholder Council and comments have been incorporated. Both bodies were highly supportive of this initiative. In accordance with the GSSB's Due Process Protocol, the proposal is now before the GSSB for approval.</p> <p>Please note that the development and submission of this project proposal marks the intention of the GRI Guidance Project to provide practical guidance for users of the GRI Standards. The commencement date of this project has not been determined and is subject to resource availability.</p>

This document has been prepared by the GRI Standards Division and is made available to observers at meetings of the Global Sustainability Standards Board (GSSB). 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.

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1 Feedback from GRI bodies

2 As part of the project approval process, the draft project proposal was circulated to members of both
3 the GRI Supervisory Board and Stakeholder Council. Two written responses were received from
4 individual members, indicating their support for the project and offering assistance in identifying key
5 experts to be involved in the project. The key concern raised was the need to explain how this project
6 relates to the work being done on articulating the role of the GRI Standards in the global corporate
7 reporting system. That point is addressed below under the 'Project background'. It was also
8 mentioned that for the investor community, this was an area that was both relevant and required
9 further development, as it is typically not adequately dealt with in corporate reports.

10 In addition, the Sustainability Standard Board of Japan (SSBJ) has indicated that if the project is
11 approved, it will be a project partner and be integral to the work that is developed. Building on the
12 strong tradition of integrated reporting in Japan, there is a keen interest in better understanding the
13 relationship between impacts, risks, and opportunities. This project is considered a significant
14 innovation in the ongoing development of corporate reporting.

15 Related developments

16 As part of the ongoing collaboration with the Task Force for Nature-related Financial Disclosures
17 (TNFD), a series of company-based case studies is being developed to illustrate how biodiversity
18 impacts, risks, and opportunities are considered in risk management and reporting processes. That
19 work will be leveraged and used to inform background work for this project. Other partners have
20 expressed interest in the project and have agreed to support it as best they can.

21 As part of the analysis of the first wave of reporting under the European Sustainability Reporting
22 Standards (ESRS), a number of papers have been published with a specific focus on how impacts,
23 risks, and opportunities are being considered as part of the materiality assessment. GRI will continue
24 to monitor these developments and is currently conducting its own analysis to inform the development
25 of this project.

26 Project background

27 Developments in the global corporate reporting system have necessitated greater clarity on how
28 financial and sustainability-related information are connected and provide a broader basis for
29 understanding the value creation process. Specifically, the connective tissue between the two is how
30 the significant impacts of an organization give rise to sustainability-related risks and opportunities and
31 have broader implications for the financial stability of the economy. While corporate reporting has

32 historically kept impacts separate from risks and opportunities, it creates an artificial divide between
33 economic phenomena.

34 *GRI 1: Foundation 2021* provides the central concept of 'impact' that underpins the raison d'être of
35 GRI Standards. While the definition of impact is clear and provides the basis for reporting
36 requirements set in the GRI Standards, its relationship to risks and opportunities for the organization
37 requires further guidance. *GRI 3: Material Topics 2021* outlines the process for identifying actual and
38 potential impacts to determine the material topics that the organization will report.

39 The interaction of the GRI Standards with other reporting frameworks, such as the IFRS Sustainability
40 Disclosure Standards and the ESRS, has highlighted the need for a more robust understanding of the
41 relationship between impacts, risks, and opportunities.

42 Derivative concepts, such as single and double materiality, are predicated on accurately identifying
43 and reporting impacts on the economy, environment, and people, as well as risks and opportunities to
44 the organization. There are various claims made by standard setters about sustainability-related
45 impacts being the source of and precursor to, the manifestation of risks and opportunities to the
46 organization. However, workable concepts are still needed to operationalize this process and develop
47 and apply them to standards. In this regard, this project aims to provide guidance to *GRI 3* and related
48 educational materials to inform reporting practices and improve the quality of disclosures. The project
49 will consider the focus and location of the guidance, as well as whether it forms part of the Standard.

50 The Global Sustainability Standards Board (GSSB) has already had four public discussions on its
51 collaboration with the International Sustainability Standards Board (ISSB) on 15 June 2023, 14
52 September 2023, 10 April 2024, and 20 March 2025. The most recent discussion centered on the
53 GSSB's review of the project proposal and its strong support for advancing the project.

54 **Existing coverage in GRI literature**

55 *GRI 1* sets the parameters and concepts that form the basis of sustainability reporting against GRI
56 Standards. Paragraph 2.1 defines and explains 'impact' as follows:

57 In the GRI Standards, impact refers to the effect an organization has or could have on the
58 economy, environment, and people, including effects on their human rights as a result of the
59 organization's activities or business relationships. The impacts can be actual or potential,
60 negative or positive, short-term or long-term, intended or unintended, and reversible or
61 irreversible. These impacts indicate the organization's negative or positive contribution to
62 sustainable development. The organization's impacts on the economy refer to the impacts on
63 economic systems at local, national, and global levels. An organization can have an impact
64 on the economy through, for example, its competition practices, its procurement practices,
65 and its taxes and payments to governments. The organization's impacts on the environment
66 refer to the impacts on living organisms and non-living elements, including air, land, water,

67 and ecosystems. An organization can have an impact on the environment through, for
68 example, its use of energy, land, water, and other natural resources.

69 The organization's impacts on people refer to the impacts on individuals and groups, such as
70 communities, vulnerable groups, or society. This includes the impacts the organization has on
71 people's human rights. An organization can have an impact on people through, for example,
72 its employment practices (e.g., the wages it pays to employees), its supply chain (e.g., the
73 working conditions of workers of suppliers), and its products and services (e.g., their safety or
74 accessibility). Individuals or groups whose interests are affected or could be affected by the
75 organization's activities are referred to as stakeholders (see Section 2.4 in this Standard for
76 more information).

77 The impacts on the economy, environment, and people are interrelated. For example, an
78 organization's impacts on the economy and environment can result in impacts on people and
79 their human rights. Similarly, an organization's positive impacts can result in negative impacts
80 and vice versa. For example, an organization's positive impacts on the environment can lead
81 to negative impacts on people and their human rights.

82 The Standard also explains the nexus between impacts, risks, and opportunities that may become
83 financially material to organizations. This relationship is elaborated on in the context of determining
84 material topics under *GRI 3* in Box 1:

85 The material topics and impacts that have been determined through this process inform
86 financial and value-creation reporting. They provide crucial input for identifying financial risks
87 and opportunities related to the organization's impacts and for financial valuation. This helps
88 make financial materiality judgments about what to recognize in financial statements.

89 **While most, if not all, of the impacts that have been identified through this process will**
90 **eventually become financially material, sustainability reporting is also highly relevant**
91 **in its own right as a public interest activity and is independent of the consideration of**
92 **financial implications. It is, therefore, important for the organization to report on all the**
93 **material topics that it has determined using the GRI Standards. These material topics**
94 **cannot be deprioritized solely because they are not considered financially material by**
95 **the organization.**

96 See Box 1 in *GRI 1: Foundation 2021* for more information on sustainability reporting and
97 financial and value creation reporting.

98 This final statement in *GRI 3* about the transmission of impacts into financial effects presupposes a
99 high correlation between the most significant impacts of an organization on the economy,
100 environment, and people, as well as those likely to have a financial effect on the organization.

101 **The need for further work**

102 The inclusion of sustainability-related risks and opportunities in financial reporting, along with
103 emerging distinctions in practices, such as single and double materiality, underscores the need for
104 greater clarity regarding the purpose of sustainability reporting, as promoted by GRI, and how it,
105 together with financial reporting, addresses the information needs of corporate report users.
106 Developing and articulating the relationship between impacts, risks, and opportunities is necessary
107 because blending sustainability-related information into corporate reporting can be a source of
108 confusion for both preparers and users, who struggle to make the necessary connections. An
109 unfortunate consequence of recent developments is that 'impacts' and 'risks and opportunities' are
110 presented as binary and unrelated constructs. This is inconsistent with how organizations typically
111 utilize their materiality assessment and identify significant impacts in their risk management and
112 mitigation. The project will also be useful for the GSSB in its interoperability work and in determining
113 what disclosures should be included in sustainability reporting based on a clearer articulation of the
114 relationship between disclosures on impacts, risks, and opportunities.

115 This project and its outputs are also likely to be timely, given the current efforts to rationalize the
116 reporting of impacts, as the basis for reporting sustainability-related risks and opportunities is
117 considered sufficient for discharging an organization's accountability obligations to its stakeholders,
118 including investors.

119 **Project objectives**

120 The primary objective of the project is to provide guidance on the link between impacts, risks, and
121 opportunities, building on existing definitions and guidance from *GRI 1* and *GRI 3*, while connecting to
122 established financial reporting practices set out in the IFRS Standards. This project will:

- 123 • Identify and describe the relationship between an organization's most significant impacts and its
124 sustainability-related risks and opportunities, and determine what should be amended in the
125 Standards or issued as separate guidance materials.
- 126 • Provide evidence and authoritative references for these concepts and assertions, which will be
127 consolidated into guidance to support the application of *GRI 3*. Two forms of guidance are
128 proposed: how to identify risks and opportunities that flow from the most significant impacts and
129 how to use impact disclosure in financial reporting.
- 130 • Inform the GSSB's relationship with other corporate reporting standard setters, particularly the
131 ISSB and the International Public Sector Accounting Standards (IPSASB) on the global level as
132 well as jurisdictional standard setters that (consider to) require disclosure of impacts on economy,
133 environment, and people.

134 Project approach

135 The project will be conducted in accordance with the [GSSB Due Process Protocol](#). As the output of
136 the project is robust and useful guidance, it is proposed that it will have three phases:

- 137 • **Exposure draft development phase (3-6 months)** to establish a multi-stakeholder project
138 working group (WG) to contribute to the project's development and ensure the output is robust and
139 useful for strengthening GRI Standards and promoting high-quality sustainability reporting. As part
140 of this phase, it will be important to review and synthesize existing materials on sustainability-
141 related impacts, risks, and opportunities in authoritative sources to support the development of an
142 exposure draft.
- 143 • **Public consultation phase (3 months)** to engage with GRI stakeholder networks to evaluate the
144 usefulness of the guidance developed and to modify it as appropriate to make it fit for purpose. It is
145 proposed that this phase will include an extensive outreach program to not only promote the guidance
146 but also enhance its understanding and application in practice.
- 147 • **Comments and final draft phase (3 months)** to finalize the project and the due process steps to
148 deliver guidance. It is also likely that educational and other materials can be developed based on the
149 guidance.

150 Division of responsibilities

151 The Standards Division will lead the work with the WG and review what guidance needs to be added
152 to *GRI 3*, develop an exposure draft based on the expert discussions, and propose to the GSSB an
153 exposure draft of the Standard, along with an assessment of potential implications for other GRI
154 Standards.

155 Several GSSB members expressed their interest in playing a key role in the project at their March
156 2025 meeting. Staff are currently reviewing how the expertise and interest of GSSB members can be
157 incorporated into the project, while respecting the heavy demands already placed on them.

158 The Standard Division will review the comments received on exposure with the WG and propose
159 amendments to the draft accordingly. The final draft will be submitted to the GSSB for final approval.

160 Timeline

161 The project is expected to run for 15 months from the commencement date to the approval of the final
162 Standard.

163 The commencement date of this project has not been determined and is subject to resource
164 availability. It will require resources beyond a director to assist with developing and drafting materials,

165 planning, and coordinating stakeholder engagement. Table 1, on the following page, outlines the
166 anticipated project duration. The commencement date and the predicted dates of other key
167 milestones will be confirmed as soon as they are known.

168 **Assumptions and risks**

169 The following assumptions and risks have been considered in developing the project's scope,
170 timeline, and expected outcomes.

- 171 1. The Standards Division has assumed that resources are allocated to the project in a timely
172 manner to allow its milestones to be met.
- 173 2. It is also assumed that the formation of a WG can be expedited as per the timeline. Given
174 the level of interest in the project, it should be possible to identify the members of the WG
175 on time and submit them to the GSSB for consideration and approval.
- 176 3. To maintain the project's relevance, engagement with the IFRS Foundation, IPSASB, and
177 jurisdictional standard setters will be important to ensure this work reflects the latest
178 developments in standard-setting activities. This dependency on the input of related
179 standard setters will receive special attention during the project implementation.



Table 1: Estimated duration of GRI 3 Guidance Project¹

Phase	~Duration (month)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15
Project commencement	1	█														
Open call and recruitment of WG	3	█	█	█												
GSSB approval of WG memberships				◆												
Content development by WG	3				█	█	█									
GSSB approval of exposure draft	1							◆								
Public comment period	3								█	█	█					
Analysis of public comments and revision of draft	4											█	█	█	█	
GSSB approval of final standard																◆

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¹ Project scheduling changing may occur over the course of the project, including extensions to the duration of the project due to approval processes or other circumstances.