



Item 06 – Development of guidance to identify risks and opportunities that arise from impacts

For GSSB discussion

Date	31 August 2023
Meeting	14 September 2023
Description	This exploratory paper aims to seek input from the GSSB on the need to develop guidance for reporters on how to identify risks and opportunities that arise from impacts.

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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This document does not represent an official position of the GSSB

6 Background

7 The Global Sustainability Standards Board (GSSB) has discussed over the course of 2023 the
8 changing reporting landscape and developed its [position](#) on how the GRI Standards relate to other
9 reporting standards.

10 The GSSB's view is that most, if not all, of the impacts of an organization will eventually translate into
11 risks and opportunities. Furthermore, an organization's impacts, and the cumulative impacts of
12 organizations over time, can also have an effect on the resources and relationships that the
13 organization depends on. Understanding an organization's impacts is a necessary first step in
14 identifying risks and opportunities that result from those impacts. The material topics and related
15 impacts determined with the GRI Standards therefore provide crucial input for identifying the risks and
16 opportunities that arise from an organization's impacts.

17 These developments have given rise to a demand for practical guidance for reporters on how to use
18 the materiality process based on impacts in *GRI 3: Material Topics 2021* to identify related risks and
19 opportunities under a financial materiality lens. This is evidenced by the growing demand from
20 reporters for such guidance as well as the proliferation of initiatives, from standards setters, non-profit
21 organizations, and commercial services firms to develop similar guidance.

22 The GSSB has made a reservation in the [2023-2025 Work Program](#) for the development of guidance
23 to address implementation issues identified by the users of the GRI Standards and it is committed to
24 cooperating with global and jurisdictional standard-setting bodies to ensure complementarity and
25 interoperability between standards.

26 An invitation has been extended to the International Sustainability Standards Board (ISSB) to develop
27 joint guidance on how reporters can use the *GRI 3* materiality process based on impacts to identify
28 related risks and opportunities to report under the IFRS Sustainability Disclosure Standards. The
29 ISSB have advised that the development of such joint guidance is not possible under the IFRS due
30 process as it may extend or contradict the contents in IFRS S1 or S2, as the GRI Standards are not
31 one of the specific sources of guidance for identifying sustainability-related risks and opportunities
32 listed in IFRS S1.

33 While joint guidance together with the colleagues of the ISSB continues to be the preferred outcome
34 in principle, the GSSB needs to now assess how guidance on this matter can be developed
35 unilaterally and/or with other partners. The Standards Division is seeking feedback from the GSSB on
36 the development of such guidance, including on the possible scope and format of the guidance.

37 **Development of the guidance**

38 **Possible scope of the guidance**

39 The aim of the guidance would be to explain how GRI reporters can use their existing impact-based
40 materiality process based on *GRI 3* to identify related risks and opportunities under a financial
41 materiality lens.

42 The guidance could also consider how the impacts of an organization and the cumulative impacts of
43 organizations affect an organization's dependencies. An organization's dependencies on resources
44 and relationships are also a source of risks and opportunities.

45 The guidance would be standard-agnostic and enable GRI reporters to identify risks and opportunities
46 related to their impacts for reporting together with any financial materiality or double materiality-based
47 standard.

48 **Possible format of the guidance**

49 This guidance could be developed as authoritative guidance or non-authoritative guidance.

50 Authoritative guidance is subject to the [GSSB's Due Process Protocol](#) and can take the form of a GRI
51 Standard or a Standard Interpretation, for example by revising or expanding *GRI 3*.

52 Non-authoritative guidance is not subject to the GSSB Due Process Protocol. Non-authoritative
53 guidance is therefore not part of the suite of GRI Standards and as such reporters are not required to
54 consult it when reporting in accordance with the GRI Standards.

55 The Standards Division recommends that non-authoritative guidance be developed in a first instance.

56 Developing non-authoritative guidance would allow the GSSB to develop and test the guidance,
57 before deciding whether to integrate it into the GRI Standards.