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GRI Topic Standard Project for Economic Impact – Project proposal

Approved by the GSSB on 14 September 2023

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Project background

As part of the GSSB Work Program 2023-2025, the Global Sustainability Standards Board (GSSB) has identified the review of GRI disclosures on economic impact, including, but not limited to, the revision of *GRI 201: Economic Performance 2016*, *GRI 202: Market Presence 2016*, and *GRI 203: Indirect Economic Impacts 2016* for commencement in 2023. The revision of these standards was prioritized by the GSSB based on the feedback of reporters and other standards users. Feedback indicated that the current disclosures are unclear and inconsistently interpreted and would benefit from a thorough content review.

Since the disclosures in *GRI 201*, *GRI 202*, and *GRI 203* were last updated in 2006 (with the publication of the *GRI G3 Guidelines*), there have been a number of international developments related to how organizations should identify, manage, and report on their impacts on the economy.

Economic growth and resilience are key themes in the UN's 2030 Agenda for Sustainable Development. Both governments and private sector organizations are being called upon to realize SDG 8 and SDG 9. SDG 8 focuses specifically on decent work and economic growth, and it aims to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.¹ SDG 9 seeks to build resilient infrastructure, promote sustainable industrialization, and foster innovation.²

In addition, the UN Guiding Principles on Business and Human Rights³ and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct⁴ set clear expectations for businesses to take responsibility for the impacts they cause and those they contribute to or are linked to their business relationships. In the context of GRI's economic disclosures, organizations are expected to report their impacts on the economic conditions of their stakeholders and economic systems and productive capacity at local, national, and global levels.

Together, these developments suggest that the content in GRI's economic standards would benefit from a comprehensive review to ensure they align with key international instruments and reflect leading practices in disclosure.

¹ <https://www.un.org/sustainabledevelopment/economic-growth/>

² <https://www.un.org/sustainabledevelopment/infrastructure-industrialization/>

³ https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

⁴ <https://www.oecd-ilibrary.org/docserver/81f92357-en.pdf?expires=1692877646&id=id&accname=guest&checksum=03CB6C5F6EED7122A36237FE35BE4AE9>

Project objectives

The primary objective of this project is to review the existing portfolio of GRI economic impact disclosures and develop a set of new disclosures and standards that represent internationally agreed best practices. The revision must also align with the recent developments and relevant authoritative intergovernmental instruments in the field of economic impact.

The content and structure of the revised economic impact-related GRI Standards will be guided by the technical framework proposed by the GRI Standards Division (see Table 1). This overarching framework has been designed as an organizing tool for accommodating current and future disclosures related to economic impact.

In line with the stated objectives, the proposed project will consider the following GRI Standards for revision:

- *GRI 201: Economic Performance 2016*
- *GRI 202: Market Presence 2016*
- *GRI 203: Indirect Economic Impacts 2016*
- *GRI 204: Procurement 2016*
- *GRI 205: Anti-competitive Behavior 2016*
- *GRI 206: Anti-corruption 2016*
- *GRI 415: Public Policy 2016*

The following series of economic disclosures and standards will not be considered for review or revision as part of this project:

- *GRI 201: Economic Performance 2016* (Disclosure 201-2: Financial implications and other risks and opportunities due to climate change). This will be addressed as part of the ongoing revision of the climate-related GRI Topic Standards.
- *GRI 202: Market Presence 2016* (Disclosure 202-1: Ratios of standard entry level wage by gender compared to local minimum wage). This will be addressed as part of the ongoing revision of the labor-related GRI Topic Standards.
- *GRI 207: Tax 2019*. This Standard was recently developed and published in 2019 and will only form part of additional project phases.

It is also the right moment to start the revision of the economic impact-related disclosures to ensure alignment and consistency with the ongoing revision of the labor and climate change-related disclosures.

Table 1: Technical framework for economic impact disclosures

Theme	Description	Impact channel	Link to GRI Standards
Distributed value	The economic impact of monetary and non-monetary flows of value involving an organization	The value created, received, and distributed by an organization can affect the public fiscus as well as the ability of shareholders, workers, suppliers, and local communities to operate sustainably.	<i>GRI 201</i> <i>GRI 207</i>
Impacts on institutions	The impacts an organization has on the mechanisms that rule market relations and economic exchanges	Individual organizations operate under rules and regulations but can also influence them. This can be through market mechanisms (anti-competitive behavior) or through rules and regulations (public policy, anti-corruption).	<i>GRI 205</i> <i>GRI 206</i> <i>GRI 415</i>
Economic multiplier	Mechanisms through which the organization may impact the productive capacity of other economic agents and which are generally not intended.	Indirect and long-term effects that an organization's operations have on the broader economy beyond its direct impact. This can be through the creation and dissemination of knowledge, human capital development, research and development, infrastructure, and other general-purpose investments.	<i>GRI 203</i> <i>GRI 204</i>
Job creation	The economic impact of the creation of sustainable economic opportunities and livelihoods	The type and quality of employment opportunities created and supported by the organization, can directly and indirectly affect the local economy.	<i>GRI 202</i> <i>GRI 401</i> <i>GRI 404</i>
Goods and services	Impact on the productive capacity of economic actors attributed to access to and consumption of the organization's goods and services.	Goods and services produced by organizations can add value to an economy by improving people's overall well-being and productive capacity.	<i>Not currently covered in GRI Standards</i>

Project approach

Due to the project's scope and complexity, the Standards Division proposes a programmatic approach. A programmatic approach groups the related topics and content areas into several projects. This portfolio of discreet projects will be run sequentially, although at certain points, more than one project will be simultaneously active. The configuration of the project sequencing will be based on the content area, resource capacity, and strategic importance. In this way, the Standards Division will deliver an aligned set of standards and disclosures as the outcome.

As part of this approach, the Standards Division proposes reviewing and revising the current Standards and disclosures across three distinct project phases. Each project phase will represent a standalone project with its focus area(s), timelines, and deliverables in accordance with GRI's due process. The prioritization of technical content to be revised across phases has been informed by inputs from the GSSB and engagement with key stakeholders, usage trends among practitioners of GRI Standards, and research insights from authoritative intergovernmental instruments and initiatives.

The following provides an overview of each project phase.

Phase 1: Distributed value

The Standards Division will review and, where appropriate, revise *GRI 201: Economic Performance*. The first phase of the project will encompass the theme of Distributed value. This theme has priority due to the Standard being one of the most widely reported GRI Standards, particularly Disclosure 201-1 (Direct economic value generated and distributed), which suggests there is external demand and usage by reporting organizations. This content area also has the advantage of the concepts already being well-developed and self-contained, meaning revision to the disclosures can occur without affecting other standards.

Furthermore, revision of this Standard as part of the project's first phase will enable alignment with the ongoing revision of the climate-related standard, which will substitute Disclosure 201-2 (Financial implications and other risks and opportunities due to climate change).

The Standards Division also envisions the *GRI 201: Economic Performance* Standard playing a central role in linking financial information reported by organizations with material impacts reported in other standards, creating a comprehensive and holistic set of information on an organization's sustainability impacts.

Phase 2: Impacts on institutions

The second phase of the project will explore the theme of Impacts on institutions. The need for the revision of *GRI 205: Anti-corruption 2016* and *GRI 415: Public Policy 2016* has been raised by several stakeholders, suggesting a growing interest in revised disclosures focusing on an organization's operations and activities that impact the institutions governing economic exchanges.

As part of this theme, the Standards Division will review and, where appropriate, revise *GRI 205: Anti-corruption*, *GRI 206: Anti-competitive Behavior*, and *GRI 415: Public Policy*. The Standards Division proposes maintaining these standards and others that could be developed in this space. These standards are likely to be identified as distinct issues in organizations' materiality processes, so they should be developed as separate standards.

Phase 3: Economic multiplier, Job creation and Goods and services

The project's third phase will explore the Economic multiplier, Job creation, and Goods and services themes.

Stakeholder feedback points to a rise in interest by both organizations and report users related to sustainability impacts beyond organizations' boundaries, in particular, impacts on local communities and along the organization's value chain.

As part of the Economic multiplier theme, the Standards Division will review and, where appropriate, revise the existing *GRI 203: Indirect Economic Impacts* and *GRI 204: Procurement* standards. The Standards Division will also consider, as part of the Economic multiplier theme, the addition of new technical content covering the sustainability impacts of an organization's innovation and research and development activities on the economy. This is an important issue that will address the gap in the GRI Standards.

The Job creation theme is included in Phase 3 as it complements the Economic multiplier theme. The impact of an organization's operations and activities on local labor markets through the creation of sustainable economic opportunities and livelihoods - both through its own operations and suppliers - is noted as key for helping organizations understand their direct and indirect impacts on the economy. Furthermore, including the Job creation theme as part of the project's third phase will enable alignment with the ongoing revision of GRI's labor-related standards.

The Goods and services theme is proposed to accommodate reporting on how the goods and services produced by organizations impact the economy. The revised GRI Standards will focus on impacts that derive directly and intentionally from the goods and services produced by organizations. Through the production of raw materials and capital goods, organizations can enhance the economy's productive capacity, while the final consumption of goods and services can impact the well-being of people and could be considered a social impact. It is important to note that some restrictions on access to goods and services may border on *GRI 406: Non-discrimination* and some pricing practices on *GRI 206: Anti-competitive Behavior*.

Division of responsibilities

The GSSB will appoint two working groups (WG) to review the economic impact-related Topic Standards.

The working groups will be formed in accordance with the [GSSB Due Process Protocol](#) to provide technical advice across the project's three phases and inform the development of the new disclosures and standards as stated in the project objectives.

The Standards Division proposes the formation of two working groups that will contribute to particular phases of the project as follows:

- WG 1 will be convened ahead of Phase 1 to support Phase 1 and Phase 2 of the project.
- WG 2 will be convened ahead of Phase 3 to support Phase 3 of the project.

The Standards Division proposes this working group configuration for the following reasons:

- The project scope would require extended time investment and engagement by WG members if a single group was maintained across the entire project lifecycle. Two working groups with alternating members will ensure that the level of engagement by WG members is preserved across each phase of the project.

- The nature of the content covered in Phase 1 and Phase 2 means that WG members' technical expertise in similar areas can be effectively utilized. This approach will also allow for continuity across the project's first two phases.

The two working groups will provide recommendations in the following areas:

- Informing the scope of the projects across each phase.
- Developing new disclosures to broaden the scope to include new impact areas such as R&D, innovation, living wage, and economic impact along the organization's supply chain.
- Revising or incorporating the existing economic impact-related disclosures: *GRI 201: Economic Performance 2016*, *GRI 202: Market Presence 2016*, *GRI 203: Indirect Economic Impacts 2016*, *GRI 204: Procurement*, *GRI 205: Anti-competitive Behavior*, *GRI 206: Anti-corruption* and Disclosure 415-1: Political contributions (currently captured in *GR 415: Public Policy*) into the new set of economic standards and disclosures.
- Ensuring new economic impact-related disclosures are revised and developed to align with the most updated authoritative references and other global standard setters.

Economic impact is a broad topic and requires a broad range of expertise. Therefore, a public call for experts will be launched, and based on GSSB approval, working groups will be formed to provide technical advice for developing the Economic Impact-related Topic Standards.

In line with the due process protocol, the working groups should report to the GSSB and seek guidance and advice whenever required to advance the revision program or when they cannot reach a consensus. When the working groups are satisfied that they have a proposed (set of) draft standard(s) ready for public consultation, the draft(s) are to be presented to the GSSB for approval.

The working groups should support sustainability reporting as promoted by the GRI Sustainability Reporting Standards (GRI Standards), which provide transparency on how an organization contributes or aims to contribute to sustainable development. The Standards Division will draft the Topic Standards. The project will be conducted in accordance with the GSSB Due Process Protocol.

Timeline

This project will commence in September 2023 and run for 36 months. Table 2 outlines the anticipated project duration and milestones.

Risks and assumptions

The success of this project proposal is based on several assumptions and the management of key risks that provide the foundation for its implementation. These assumptions and risks have shaped the project's scope, timeline, and expected outcomes.

The Standards Division has made the following key assumption:

- The timely recruitment and successful integration of key positions in the Standards Division required to provide support in the implementation of project-related tasks (see Division of responsibilities, including project administration, research, development of technical content, and project management) and achievement of project objectives. Should it not be possible to recruit a sufficient number of qualified candidates within the desired timeframe to meet the project's staffing requirements, an amendment of the project's proposed timelines may be necessary.

The Standards Division recognizes the importance of this assumption and its potential impact on project timelines and deliverables. To mitigate risks associated with recruitment and the availability of project resources, the Standards Division has adopted a proactive recruitment strategy and is engaging reputable recruitment agencies to attract and onboard a diverse pool of qualified candidates.

In addition to the above assumption, the Standards Division has identified a potential risk that may impact the successful execution of the project. The following risks have been identified:

- Due to the proposed length of the project, there is a possibility of unforeseen shifts in demand by organizations for disclosures to report on their economic impacts. This may necessitate a change in prioritizing certain themes for review and revision.
- New authoritative intergovernmental instruments and frameworks may be emerging, necessitating adjustments to the planned revision and development of technical content or an extension of the research phase.

To mitigate this risk, the Standards Division will implement the following strategies:

- Establish a flexible and adaptive project framework that allows for iterative development and accommodates potential changes in technical content.
- Maintain close collaboration with subject matter experts, stakeholders, and end-users to stay updated on emerging developments and evolving needs.
- Conduct periodic reviews and assessments of the technical content against the evolving industry standards and best practices to ensure alignment. Incorporate feedback and insights from relevant experts to ensure the proposed project content remains current and relevant.



Table 2: Estimated duration of GRI Topic Standard Project for Economic Impact

Phase	Duration (months)	2023			2024												2025												2026											
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Project commencement	Project commencement																																							
	Open call & recruitment of Working Group 1																																							
	GSSB approval of Working Group 1 members																																							
	Content development WG																																							
Phase 1	Content Development: Distributed value																																							
	GSSB approval of exposure draft(s)																																							
	Public comment period for standard(s)																																							
	Analysis of public comments and revision of first draft(s)																																							
	GSSB approval of final standard(s)																																							
Phase 2	Content Development: Impacts on institutions																																							
	GSSB approval 1st set of exposure draft(s)																																							
	Public comment period for set of standards																																							
	Analysis of public comments and revision of first draft(s)																																							
	GSSB approval of final standard(s)																																							
Phase 3	Content Development: Economic Multiplier + Goods and Services + Job creation																																							
	Open call & recruitment of Working Group 2																																							
	GSSB approval of Working Group 2 members																																							
	GSSB approval of set of exposure draft(s)																																							
	Public comment period set of standards																																							
	Analysis of public comments and revision of first draft(s)																																							
GSSB approval of final standard(s)																																								