



Barbara Strozziiaan 336
1083 HN Amsterdam
The Netherlands
gssbsecretariat@globalreporting.org

GSSB Summary of the virtual meeting held on 19 November 2020

Approved by the GSSB on 10 December 2020

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2 Participants

3 Present:

Name	Constituency
Judy Kuszewski	Chair
Robyn Leeson	Vice-Chair
Loredana Carta	Labor
Peter Colley	Labor
Evan Harvey	Investment institution
Kirsten Margrethe Hovi	Business enterprise
Rama Krishnan Venkateswaran	Investment institution [left meeting early]
Joseph Martin	Business enterprise
Tung-Li (Tony) Mo	Civil society organization
Jennifer Princing	Business enterprise
Corli le Roux	Mediating institution
Gustavo Sinner	Mediating institution
Kenton Swift	Civil society organization
Michel Washer	Business enterprise

4 Apologies:

Name	Constituency
Vincent Kong	Business enterprise

5 In attendance from GRI:

Name	Position
Bastian Buck	Chief of Standards
Anna Krotova	Senior Manager
Miguel Pérez Ludeña	Research Lead Sector Program

6 List of abbreviations

GSSB	Global Sustainability Standards Board
HGB	Highest governance body
SD	Standards Division

7 Decisions and action items

8 Decisions

9 **GSSB Decision 2020.21** The GSSB resolved to approve [Item 01–Draft summary of the GSSB](#)
10 [meeting held on 22 October 2020](#).

11 **GSSB Decision 2020.22** The GSSB resolved to approve [Item 02 – GRI Sector Standards Program –](#)
12 [Revised list of prioritized sectors](#).

13 **GSSB Decision 2020.23** The GSSB resolved to approve [Item 03 – GSSB Work Program 2020-2022](#).

14 Action items

Standards Division	
Session 3	<ul style="list-style-type: none">• SD to implement its proposals for further action regarding the statement of use.• SD to consult GSSB labor constituency members to clarify public comment feedback on ACT-2 and SE-2 and further investigate duplication of content in GRI 102.

15 Session 1: Welcome

16 The GSSB was presented with [Item 01 – Draft summary of the GSSB meeting held on 22 October](#)
17 [2020](#) for approval.

18 GSSB Chair Judy Kuszewski (henceforth the Chair) welcomed the GSSB and presented an overview
19 of the meeting agenda.

20 **GSSB Decision 2020.21** The GSSB resolved to approve [Item 01 – Draft summary of the GSSB](#)
21 [meeting held on 22 October 2020](#).

22 Session 2: GSSB Work Program 23 update

24 The GSSB was presented with [Item 02 – GRI Sector Standards Program – Revised list of prioritized](#)
25 [sectors](#) and [Item 03 – GSSB Work Program 2020-2022](#) for approval.

26 **GSSB Decision 2020.22** The GSSB resolved to approve [Item 02 – GRI Sector Standards Program –](#)
27 [Revised list of prioritized sectors](#).

28 **GSSB Decision 2020.23** The GSSB resolved to approve [Item 03 – GSSB Work Program 2020-2022](#).

29 **Session 3: GRI Universal Standards**

30 **Project update**

31 The GSSB was presented with [Item 04 – Public comments on the Statement of Use in the Universal](#)
32 [Standards exposure draft](#) and [Item 05 – Public comments on GRI 102: About the Organization in the](#)
33 [Universal Standards exposure draft](#) for information.

34 **Statement of use**

35 The Standards Division (SD) presented the GSSB with an overview of the public comment feedback
36 in response to the statement of use and provided proposals on how to address this feedback.

37 The SD proposed to retain the requirement to provide a statement of use in the GRI content index,
38 with amendments made in view of considerations raised in the public comments. In this respect, the
39 SD proposed to explore wording that will maintain reference to the responsibility of the organization
40 for reporting in accordance with the GRI Standards. The SD also proposed to explore overlaps with
41 governance requirements, and to reflect any relevant overlap in the statement of use or in the
42 accompanying guidance. The SD further proposed either examining options to incorporate wording
43 acknowledging the quality and veracity of reported information directly in the statement of use, or
44 revising section 5 of GRI 101 to take into account concerns regarding external assurance in
45 enhancing the credibility of sustainability reporting.

46 A number of GSSB members responded to public concern regarding differences between financial
47 reporting and sustainability reporting. In financial reporting, the highest governance body (HGB) or
48 senior executives sign off on audited information, which is subject to extensive controls and
49 governance, whereas in sustainability reporting such information is unaudited. One GSSB member
50 commented that audits and controls for sustainability reporting would have to be developed
51 extensively to reach this level. Another GSSB member made the point that many of the indicators
52 reported in sustainability reporting are impacts in the value chain and are not measured or computed;
53 this would mean requiring boards to commit on the veracity of data that is not calculated with the
54 same accuracy as financial statements, and on impacts not within the organization's own scope of
55 activity.

56 One GSSB member further expressed the concern that requiring boards of directors to sign off on
57 information about which there is so much uncertainty runs the risk of boards reporting only what is
58 statutorily required. Another GSSB member commented on the danger of the statement of use
59 appearing more as a disclaimer than a statement.

60 The Chair acknowledged that if the GSSB were to consider changing requirements, it must be
61 confident of the wider systems of support, such as in assurance and appropriate governance
62 methodologies, available to implement the changes. In some cases, these systems of support need to
63 be developed.

64 One GSSB member commented that a sign-off by the HGB or senior executives pertained only to
65 companies reporting in accordance with GRI Standards, and queried its impact in the US. The
66 member further commented that such a requirement would discourage organizations reporting in
67 accordance with GRI Standards.

68 The SD replied that while there is a regional bias in reporting preferences; present data indicates that
69 globally the majority (80%) of reporters used one of the current 'in accordance' options (Core or
70 Comprehensive), and that reporting using these options is growing in the US. The SD further
71 commented that changes to the GRI Standards should be seen in the light of more stringent
72 regulation arising in multiple jurisdictions regarding mandating sustainability reporting.

73 One GSSB member commented that at a time when governments and other regulators are looking for
74 improved standards and compliance frameworks, it is necessary to ensure that the HGB or senior
75 executives take responsibility for disclosures in a sustainability report. One way to effect this is
76 through due diligence, indicating that an organization has made best endeavors to comply with the
77 GRI Standards. The member also identified a tension between desiring an improvement in the quality
78 of reporting and aspiring to increase the number of organizations reporting.

79 One GSSB member cautioned that while many organizations will be considering sustainable ways of
80 operating as they rebuild after COVID-19, it will be challenging for them to adopt more stringent
81 methods of non-financial reporting to their sustainability reporting. The member added that provision
82 for third-party assurance already exists in the current GRI Standards, and that requiring assurance for
83 quality and veracity in the present climate is excessive.

84 A number of members commented favorably on streamlining reporting options from three (with
85 reference to, Core, and Comprehensive) to two (with reference to, and in accordance with). One
86 member added that this and the inclusion of reasons for omission for not reporting material topics
87 would encourage companies to report in accordance.

88 One GSSB member sought clarification as to whether the SD's proposal to explore the wording in the
89 statement of use regarding reference to the responsibility of the organization for reporting in
90 accordance with the GRI Standards refers to the HGB and higher management, or to the organization
91 generally.

92 The SD proposed to explore wording for the statement to maintain responsibility of the organization,
93 but, following public feedback, to detach this from responsibility of the HGB or senior management.
94 The GSSB member was opposed to decoupling the statement of use from the HGB entirely, and,
95 while acknowledging practical issues in this respect, expressed the opinion that the SD should
96 explore what is practically possible in terms of retaining the importance of the HGB in overseeing and
97 being accountable for what is disclosed to stakeholders.

98 The Chair sought clarification on the SD's proposal to explore overlaps with governance requirements
99 and inquired whether this had to do with concerns raised by some respondents that reporting is a
100 delegated activity, so not considered to be the purview of the HGB.

101 The SD confirmed this and explained that GRI Standards already include disclosures on how this
102 process is set up within an organization. The SD further explained that GRI Standards are used in
103 more than 90 countries, with a wide range of jurisdictions regarding governance. It is necessary to
104 indicate that the organization stands behind the statement, and to relate who has made the
105 statement. The SD proposed to examine ways to elaborate this information either in the statement
106 itself or in the guidance and welcomed guidance from the GSSB.

107 One GSSB member commented that it would be helpful for the GSSB to consider practical solutions,
108 and suggested that the SD present the GSSB with a spectrum, based on the public feedback, that
109 reflects an incremental shift from the current sign-off to a highest option that includes a sign-off on
110 quality, with several options in between, along with their implications and challenges.

111 The SD recognized the GSSB's present caution regarding the inclusion of an acknowledgement of
112 quality and veracity in the statement of use, and explained its alternative proposal regarding creating
113 a stronger link between recommendations on enhancing the credibility of sustainability reporting and
114 the statement of use, as well as creating a stronger link to external assurance.

115 The Chair reiterated a concern that reliance on external assurance may mean that the community of
116 global reporting organizations would be in the hands of the entirely separate sustainability assurance
117 industry, and that this would require engagement with that industry in order to reach a solution.

118 The SD confirmed that it would explore the options it had presented to the GSSB.

119 **GRI 102: About the organization**

120 The SD presented the GSSB with an overview of the public comment feedback and key issues
121 identified regarding GRI 102, focusing primarily on those relating to governance disclosures.

122 One GSSB member expressed concern about the large amount of negative feedback regarding
123 governance disclosures on remuneration.

124 Another GSSB member commented that governance disclosures on remuneration had not been
125 altered in the exposure draft, simply rearranged, and that negative feedback on these disclosures was
126 common, given the broad range of organizations involved. A GSSB member emphasized the
127 International Corporate Governance Network's comment that rather than the remuneration ratio being

128 to workers within the organization, that it be to median wages in the country, which is more
129 meaningful to users.

130 The GSSB labor constituency members agreed to support the SD with further clarifying feedback
131 received in response to collective bargaining and workers who are not employees (ACT-2 and SE-2).

132 **Actions**

- 133 • SD to implement its proposals for further action regarding the statement of use.
- 134 • SD to consult GSSB labor constituency members to clarify public comment feedback on ACT-
135 2 and SE-2 and further investigate duplication of content in GRI 102.

136 **Session 4: Any other business and** 137 **close of meeting**

138 No other business was raised, and the Chair closed the meeting at 15.00 CET (Central European
139 Time).