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GSSB Summary of the virtual meeting held on 3 December 2020

Approved by the GSSB on 25 February 2021

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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
Vincent Kong	Business enterprise
Joseph Martin	Business enterprise
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
Rama Krishnan Venkateswaran	Investment institution
Tung-Li (Tony) Mo	Civil society organization

5 In attendance from GRI:

Name	Position
Bastian Buck	Chief of Standards
Mia d'Adhemar	Senior Manager Sector Program
Sharon Hagen	Senior Coordinator
Anna Krotova	Senior Manager

6 List of abbreviations

GSSB	Global Sustainability Standards Board
RfO	Reason for omission
SD	Standards Division
SME	Small- and medium-sized enterprise

7 Decisions and action items

8 Decisions

9 **GSSB Decision 2020.24** The GSSB resolved to approve [Item 01 – Draft summary of the GSSB](#)
10 [meeting held on 5 November 2020](#).

11 Action items

Standards Division	
Session 2	<ul style="list-style-type: none">• SD to assess whether reasons for omission should be permitted for selected disclosures in GRI 102 and GRI 103, and whether additional reasons for omission need to be included (besides the four current reasons for omission).• SD to draft a requirement on comply or explain for instances where a Sector Standard is in place, together with guidance or a recommendation for reporting on commonly associated topics for a sector where no Sector Standard exists.

12 Session 1: Welcome

13 The GSSB was presented with [Item 01 – Draft summary of the GSSB meeting held on 5 November](#)
14 [2020](#) for approval.

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

17 **GSSB Decision 2020.24** The GSSB resolved to approve [Item 01 – Draft summary of the GSSB](#)
18 [meeting held on 5 November 2020](#).

19 Session 2: GRI Universal Standards

20 Project update: Reporting model

21 The GSSB was presented with [Item 02 – Public comments on the reporting model in the Universal](#)
22 [Standards exposure draft](#) and [Item 03 – Public comments on the use of Sector Standards collected](#)
23 [during the exposure periods for the Universal Standards and the Oil and Gas Sector Standard](#) for
24 discussion.

25 **In accordance requirements in the exposure draft**

26 The Standards Division (SD) presented a recap of the reporting model proposed in the Universal
27 Standards exposure draft, including a diagram showing the in-accordance requirements, to help
28 frame the discussion on material topics and appropriate disclosures.

29 As per the proposed reporting model, the organization is only required to report a reason for omission
30 (RfO) if it does not report on a requirement within an appropriate disclosure; it is not required to report
31 a RfO if it deems a disclosure as not appropriate and it does not need to report on the 'not
32 appropriate' disclosure. The Chair sought clarification on the scenario when an appropriate disclosure
33 could contain a requirement deemed as not appropriate, and the SD provided an example. A GSSB
34 member offered to provide further examples of this scenario if needed.

35 Another GSSB member noted that further guidance was needed on what constituted an appropriate
36 disclosure, and it would need to be examined whether RfOs were also needed in this instance. The
37 SD confirmed that discussion on this issue would be held at a future meeting.

38 **Meeting in accordance level**

39 The SD presented the percentage of Core and Comprehensive reports using the sample of reports
40 registered with GRI as of 18 November 2020. A GSSB member sought clarification as to whether the
41 data presented on Core and Comprehensive reports was based on organizations' self-declaration or
42 was subject to external quality checks. The SD confirmed that the data was based on self-declaration.
43 The SD also highlighted that organizations tend to report more information than the requirements set
44 out in the Core option; however, not all reports that claimed to be Comprehensive actually met the
45 level of reporting required under the Comprehensive reporting option.

46 One GSSB member commented that resistance to raising the bar for reporting by introducing a single
47 in accordance option was to be expected, and expressed concern that the function of the Universal
48 Standards would be weakened if RfOs were permitted for a substantial number of disclosures in GRI
49 102 and GRI 103. Another GSSB member expressed concern that reasons for omission compromise
50 the objective of raising the bar and are not a motivating factor to report fully.

51 A number of GSSB members expressed support for introducing a single in accordance option for
52 reporting, but also expressed reservations about setting the bar for reporting too high. One GSSB
53 member commented that unless certain flexibility is allowed, there is a risk that organizations will
54 report using alternative standards, and simply reference GRI Standards. Another GSSB member
55 pointed out that reporters currently reporting in accordance using the current Core or Comprehensive
56 options would see reporting with reference as a downgrade.

57 A number of GSSB members noted the frequent reference to governance disclosures in the feedback,
58 and proposed reviewing RfOs in this respect. The limitations of what reporters are able to report
59 regarding governance disclosures needs to be addressed. One GSSB member commented that

60 resistance to reporting on governance should be treated carefully, as it may simply be resistance to
61 best practice.

62 The SD acknowledged the need to assess whether RfOs should be permitted for selected disclosures
63 in GRI 102, particularly those regarding governance, and also whether additional RfOs should be
64 included (besides the four current RfOs). The SD suggested that, in addition to this, it should be
65 communicated even more clearly to reporters that if they are unable to report the required information
66 about an item specified in a disclosure because the item, e.g., a committee, policy, practice, or other
67 process, does not exist, then reporting that fact is sufficient. The requirement is for transparency, not
68 performance. GSSB members expressed agreement with these suggestions.

69 **Material topics**

70 The SD presented the GSSB with feedback on the following scenarios tested during the Oil and Gas
71 and Universal Standards public comment periods:

- 72 • Reporting being made mandatory for select likely material topics listed in Sector Standards;
- 73 • Requiring an explanation, of why an organization deems topics listed in the relevant Sector
74 Standard as not material; and
- 75 • Requiring an explanation, in the absence of a relevant Sector Standard, of why an
76 organization deems topics commonly associated with the context/sector of the organization
77 as not material.

78 One GSSB member commented that the situation, in terms of the selection of material topics and
79 appropriate disclosures and reporting requirements, might differ for a homogenous sector (such as oil
80 and gas) and a heterogenous sector (such as the chemical industry).

81 A GSSB member commented that GRI was currently some way from having the full suite of Sector
82 Standards it aimed for. Though the 'comply or explain' approach for reporting on likely material topics
83 'commonly associated' with the sector might be a subjective basis for a requirement, it is broad
84 enough to be used by those organizations for which no Sector Standard exists. To relinquish it
85 entirely would leave room for greater subjectivity and selectivity in identifying material topics;
86 however, including it as a recommendation in guidance might be an alternative.

87 Another GSSB member commented that the requirement to explain why a topic commonly associated
88 with a sector is not material is a challenging reporting requirement, especially for small and medium
89 enterprises (SMEs).

90 The Chair commented that the topics commonly associated with a sector are to some extent
91 embedded in the concept of material topics, but the question was whether something more specific
92 was needed to ensure levels of comparability and how to include this in a standard without creating
93 an unreasonable burden for reporters.

94 The SD sought GSSB opinion on the option of a limited selection of topics being specified in a Sector
95 Standard as material for all in the sector, and requiring reporting on these topics by all organizations
96 in the sector.

97 A number of GSSB members indicated that they did not support this option. One GSSB member
98 commented that the option could not apply to heterogenous sectors, and that Sector Standards
99 should not be a substitute for having a good materiality analysis. Another GSSB member commented
100 that there was no reason for removing the materiality principle from the Sector Standards. Even when
101 reporting is done on a voluntary basis, organizations do not report only on what they are required to,
102 but attempt to report as best they can, in their own wider interest.

103 One GSSB member commented that if a Sector Standard did not list likely material topics for
104 reporting, its purpose would be undermined, and it risked not being a standard but becoming merely
105 guidance. The SD explained that there is a clear concern that the Sector Standards are currently too
106 optional and presented as guidance. The SD does believe that the Sector Standards offer information
107 and explanations as to which topics are likely to be material and can establish a baseline for
108 reporting. However, feedback highlighted if reporting on these topics is completely optional, this may
109 not achieve the aim of raising the bar for reporting. At the same time, other respondents suggested
110 that if valid reasons for not reporting a topic exist, it should be acceptable to report that. The SD is
111 seeking to balance the two views.

112 The GSSB agreed to the SD's suggestion to draft a requirement on comply or explain for instances
113 where a Sector Standard is in place, together with a recommendation for reporting on commonly
114 associated topics where no Sector Standard exists.

115 **Actions**

- 116 • SD to assess whether reasons for omission should be permitted for selected disclosures in
117 GRI 102 and GRI 103, and whether additional reasons for omission need to be included
118 (besides the four current reasons for omission).
- 119 • SD to draft a requirement on comply or explain for instances where a Sector Standard is in
120 place, together with guidance or a recommendation for reporting on commonly associated
121 topics for a sector where no Sector Standard exists.

122 **Session 3: Any other business and** 123 **close of meeting**

124 No other business was raised, and the Chair closed the meeting at 14.53 CET (Central European
125 Time).