
For comments and feedback

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<th>Date</th>
<th>12 April 2017</th>
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<tr>
<td>Meeting</td>
<td>26 April 2017</td>
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<tr>
<td>Description</td>
<td>This paper sets out the draft project proposal for the review of GRI’s economic disclosures, including content within GRI 201: Economic Performance, GRI 202: Market Presence, and GRI 203: Indirect Economic Impacts. It is presented to the GSSB, the GRI Stakeholder Council and the GRI Board for input and comments – with the aim of bringing a final proposal to the GSSB for approval in May 2017.</td>
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This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board’s discussion. 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](http://www.globalreporting.org).
About this paper

The Global Sustainability Standards Board (GSSB) has identified GRI 201: Economic Performance as a priority standard for review in its 2017-2019 Work Program. The scope of this review was originally intended to also include new content related to tax and payments to governments.

This draft project proposal incorporates initial feedback from the GSSB on a discussion paper prepared by the Standards Division, which was discussed during a public meeting on 21 March 2017. During this meeting, the GSSB agreed:

- To broaden the scope of the review to also include the content from GRI 202: Market Presence and GRI 203: Indirect Economic Impacts, given that these standards are closely-related to GRI 201 and would likely require similar expertise to review.
- To launch a separate project focused on developing new content related to Tax and Payments to Governments, with the expectation that this would run in parallel to the review of GRI 201, GRI 202, and GRI 203. New content on Tax and Payments to Governments could then potentially be incorporated back into these revised standards, or could be developed as its own standard.
- To scope the first phase of this project as a holistic review of the topics and themes that should be covered underneath the economic (200) series of GRI Standards, and then to develop specific standards or disclosures based on these initial findings.

Input requested

In addition to any general comments on the project proposal, feedback is requested on the following questions:

1. Do you have suggested changes or additions to the provisional list of topics that might be covered within the scope of ‘economic impacts’? (see lines 67-77)
2. Are you aware of additional frameworks or methodologies for evaluating the socio-economic impacts of organizations, which the GSSB should review and consider as part of this project? (see lines 85-90).
3. Are there specific organizations, individuals, or content areas that should be represented within the Technical Committee for the first phase of this project?
Project background

In November 2016, the GSSB approved and published its three-year Work Program for 2017-2019, including a schedule of priority standards to review in 2017. These Standards were selected based on stakeholder feedback and a consideration of national and international developments. GRI 201: Economic Performance was identified for review based primarily on feedback received from the public comment period and from GSSB members during the ‘Transition to Standards’ initiative in 2016. This feedback indicated that the current disclosures in GRI 201 are unclear and inconsistently interpreted, and would benefit from a thorough content review.

To help inform the scope of this project, the GRI Standards Division carried out initial research into current reporting practice on GRI’s economic disclosures. This research suggested that the disclosures within GRI 201: Economic Performance, GRI 202: Market Presence, and GRI 203: Indirect Economic Impacts are closely-related and that the distinctions across these topics are not always clearly understood by reporters. In addition, the Standards Division noted that to review each of these Standards would likely require similar technical expertise within a Project Working Group or Technical Committee.

Based on these points, the GSSB determined during its 21-22 March 2017 meeting to expand the scope of the review project to include GRI 202: Market Presence and GRI 203: Indirect Economic Impacts as well as GRI 201: Economic Performance.

Furthermore, 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. The OECD Guidelines for Multinational Enterprises (published in 2011) sets out a clear expectation for businesses to take responsibility not only for impacts they cause directly, but also those they contribute to or are linked to through their business relationships. This concept has already been incorporated into GRI’s disclosures on topic Boundary in GRI 103: Management Approach. However, in the context of GRI’s economic disclosures, this means that organizations are expected to report not only on their direct impacts on the economy, but also those they are linked to, for example through their supplier relationships.

In addition, several of the UN Sustainable Development Goals (SDGs) are closely related to impacts of organizations on the economy – for example, Goal 1 (No poverty), Goal 8 (Decent Work and Economic Growth) and Goal 10 (Reduced Inequalities). Although the SDGs were originally developed by governments for governments, business has been identified as having a critical role to play in supporting progress towards the goals. Many businesses are already adopting the SDGs into their sustainability strategy and reporting processes, and are looking for further guidance to understand how their activities contribute towards relevant SDGs and targets.

1 According to PWC’s 2015 report, ‘Make it your business: Engaging with the Sustainable Development Goals’, 71% of businesses say they are already planning how they will engage with the SDGs. Available at: http://www.pwc.com/gx/en/sustainability/SDG/SDG%20Research_FINAL.pdf
Together, these developments suggest that the content in *GRI 201, GRI 202*, and *GRI 203* would benefit from a comprehensive review to ensure that GRI’s economic standards align with key international instruments and reflect leading practice in disclosure.

**Project objectives and scope**

The primary objective of this project is to review the content of *GRI 201, GRI 202*, and *GRI 203* in order to ensure these disclosures align with relevant international instruments and reflect leading practice in measuring the economic impacts of organizations.

Based on initial desktop research by the Standards Division, there are a variety of topics that could potentially be covered within the scope of economic impacts. These include, for example:

- impacts of organizations on local labor markets, including job creation, provision of fair wages, training, and skills development
- impacts on poverty alleviation (for example, through community development, education, employment, or other development projects)
- monetary flows into local economies (including local procurement)
- investment in infrastructure and services (often tied in with community investment)
- securing livelihoods (covering for example the wellbeing, health, and safety of workers and local communities)
- impacts of business models (including for example, employee-owned businesses, social enterprises, and circular economy-related concepts such as ‘products as services’)
- economic contributions of an organization’s products and services

Many of these issues relate to socio-economic dimensions, as opposed to the purely economic contributions typically covered under financial reporting. Many of these issues are also closely interlinked with community development (currently covered under *GRI 413: Local Communities*), local procurement (covered under *GRI 204: Procurement Practices*) and employment (covered under *GRI 401: Employment*). These three standards are not currently included in the scope of the project, but if the Technical Committee recommends they should also be reviewed, the GSSB will consider and discuss this option.

The scope of this project will also aim to consider and, where appropriate, to build off existing methodologies for measuring the economic impacts of organizations. These could include, for example, the *Measuring Impact Framework* developed by WBCSD and IFC, the *socio-economic assessment (SEAT)* toolbox developed by Anglo-American, the *IRIS impact investment metrics* developed by the Global Impact Investing Network (GIIN), or the *Poverty Footprint Tool* developed by Oxfam and the UN Global Compact.
Proposed next steps

This review will be carried out in two phases. The first phase will have a broad scope and will seek to develop recommendations on the overarching content areas and disclosures that should be covered in GRI’s 200 (economic) series of standards, in order to align with relevant international instruments and methodologies.

To help inform the first phase of work, a dedicated Technical Committee will be formed as set out in the GSSB Due Process Protocol. A detailed Terms of Reference for the Technical Committee will be developed, including the objectives, scope, and timeline for their work. The Technical Committee will include experts with specific expertise in understanding and measuring the impacts of organizations on the economy. This phase of work could lead to recommendations to restructure, merge, expand, or retile the current topics covered under GRI 201, GRI 202, and GRI 203. It could also lead to recommendations to add new content areas or to remove or revise existing disclosures. All recommendations from this Technical Committee will be shared back with the GSSB for consideration.

Depending on the outcomes of the first phase of work, the GSSB will then evaluate the need to form additional Technical Committees or Project Working Groups to further develop disclosures for specific topic areas, as recommended by the first phase of work.