Item 02 – Impact reporting in the Public Sector, state of play and recommendations

For GSSB discussion

Date	30 May 2024
Meeting	20 June 2024
Project	Research project
Description	This document provides an assessment of the state of public sector reporting and gives recommendations on how the GSSB can support public sector organizations (PSOs) to report on their impacts.
	We invite the GSSB to provide guidance on the future work of GRI towards the public sector by advising on the recommendations and the order in which they should be prioritized.

Contents

1 Executive summary

2 As part of its 2023-2025 Work Program [1], the Global Sustainability Standards Board (GSSB)

3 requested the Standards Division (SD) to conduct an 'additional research project on the public sector'.

4 The aim of this document is to provide an assessment of the state of public sector reporting and give

5 recommendations on how the GSSB can support public sector organizations (PSOs) to report on their

6 impacts. The main analysis and five specific recommendations are summarized in the section below.

7 Conclusions

8 As part of this research we found that although applicable to organizations across various sectors, the

9 GRI Standards demonstrate a lower adoption rate within the public sector compared to the private

10 sector. Given the weight of the public sector in modern economies and the significant impacts it

11 generates, the lack of sustainability reporting can represent a crucial gap.

12 The primary challenge of sustainability reporting within the public sector lies in its unique ability to

13 formulate and enforce regulations and policies, thereby influencing the behavior of regulated entities.

14 PSOs must recognize the material impacts of their policies and regulations alongside their operational

15 impacts, such as those stemming from their role as employers or energy consumers. An analysis of

16 reports published by PSOs indicates that reporters generally understand the distinction between

17 setting regulations and leading by example in their operational activities. However, some reporters

18 struggle to integrate policy and regulatory reporting within the GRI Standards framework. This reveals

19 practical challenges in delineating between these scopes and organizing relevant information

20 cohesively within a single report.

21 Furthermore, PSOs are typically held accountable to stakeholders through established mechanisms

22 such as elections or reporting to governmental bodies. In many cases, this reporting focuses on

23 PSOs' performance in implementing policies on behalf of stakeholders.

24 Analysis of reports also showed that PSOs use different terminology to discuss performance. For

25 example, the terms 'value chain', 'value creation', or 'business relationships' are inappropriate to the

26 public sector context and can deter internal (managers) and external (account-holders) stakeholders

27 from adopting GRI reporting.

28 Debates persist regarding the suitability of GRI Standards for reporting on policy within the public

29 sector. Some argue that the GRI Standards adequately cover all relevant scopes for PSOs and

30 highlight challenges stemming from a lack of expertise in utilizing these standards effectively. This

31 issue of immaturity within the public sector has been noted in the literature since the late 2000s.

32 However, the lack of progress in addressing these challenges suggests that sustainability reporting

33 within the public sector may not gain momentum without engaging with PSOs and aligning the

34 standards to their unique needs and approaches.

35   Addressing the challenges PSOs face in using GRI Standards requires clarifying the scope of

36   reporting and recommending complementary frameworks for policy and regulatory impacts.

37   Additionally, providing explanations of how certain terms apply to the public sector could mitigate

38   terminology-related issues.

39   GRI's Public Sector Supplement pilot of 2005 [2] offers a blueprint for public sector impact reporting,

40   but its incomplete implementation has spurred the development of alternative frameworks by

41   organizations such as public universities. Recent contributions, such as Adams' *Public sector*

42   *sustainability reporting: time to step it up* (hereinafter referred to as Adams, 2023) [3], propose

43   frameworks distinct from GRI's approach, serving as valuable references for informing future

44   iterations of the GRI Standards. In parallel, PSOs have adopted various reporting forms, including

45   financial reports, environmental reports, sustainable policy reports, and reports aligned with the

46   Sustainable Development Goals (SDGs). Some PSOs have transitioned from GRI reporting to SDG-

47   based reporting, while others are considering reporting with the European Sustainability Reporting

48   Standards (ESRS).

49   While the GRI Standards acknowledge the existence of public sector entities, they have refrained

50   from explicitly addressing this sector, except where relevant in sector-specific standards and the

51   discontinued Public Sector Supplement. Consequently, certain reporting needs of PSOs remain only

52   partially met by GRI Standards.

53 Recommendations

54   Based on the analysis in this document, we propose five recommendations that can be implemented

55   separately but also have synergies and dependencies that may need to be considered.

56 1. Consider the public sector perspective in developing all GRI
57 Standards and other GRI activities

58   Considering the weight of the public sector in the modern economy and the number of potential GRI

59   reporters within the public sector, we recommend increasing efforts to ensure appropriate

60   consideration of the needs of PSOs in developing and revising standards and related products like the

61   XBRL taxonomy. This could involve including public sector representatives in working groups or

62   technical committees, ensuring the terminology applies to the public sector context, or actively

63   seeking feedback from PSOs on draft standards. This has recently been implemented in the project to

64   renew the GRI Topic Standards on Economic Impacts, where a member from the International Public

65   Sector Accounting Standard Board (IPSASB) has joined the working group.

66   We recommend broadening GRI's 'business enterprises' reporter constituency to include PSOs and

67   changing the constituency name to better reflect its expanded scope. Another option, already under

68   discussion, would be to create a new constituency solely dedicated to PSOs, acting as both a reporter

69   constituency alongside business enterprises and as a representative of governments and legislators.

70 More specific recommendations concern the review of standards or disclosures that appear

71 challenging or misunderstood by PSOs. These include: *GRI 2-3 Governance, GRI 201: Economic*

72 *Performance 2016, GRI 203: Indirect Economic Impacts 2016,* and specifically *GRI 203-1*

73 *Infrastructure investments and services supported, GRI 204: Procurement Practices 2016, in*

74 *conjunction with GRI 308: Supplier Environmental Assessment 2016* and *GRI 414: Supplier Social*

75 *Assessment 2016, GRI 205: Anti-corruption 2016,* and *GRI 413: Local Communities 2016.*

76 Please refer to sections II.B.2 and II.C.2 for a description of these issues. For the Sector Standards,

77 we develop our recommendations below.

2. Develop a Sector Standard for the public sector focusing on general government

80 We recommend creating a Sector Standard for the general government and its components: central

81 government, state government, and local government, as well as the agencies depending directly on

82 them. We observed that these organizations share similarities in their approach to reporting, including

83 the challenges of reporting simultaneously on their operational activities and policy outcomes. A

84 standard for the public sector should offer specific guidance on how to distinguish between them.

85 The development of such a standard could build on the now-retired GRI Sector supplement for public

86 agencies [2], taking into account where relevant the conclusions of its implementation assessment [4],

87 as well as the framework proposed by Adams [3].

88 A general government Sector Standard could deviate from other Sector Standards in terms of scope

89 and content and may require a slightly different approach. The preparation phase should also include

90 an assessment of the target organizations' demand for such a standard and possibly activities to raise

91 awareness and facilitate adoption (see recommendation number 5 below, 'Increase engagement with

92 the public sector').

3. Develop Sector Standards for industries where the public sector is predominant

95 The public sector contributes to multiple areas of the economy beyond general government functions.

96 It is predominant in areas such as defense, public order, or social protection, where the involvement

97 of the private sector is limited – making these industries quasi-unique to the public sector. In some

98 areas, such as health, education, or utilities, the public sector is not uniquely positioned but remains

99 highly prevalent.

100 Health and education services are among the sectors expected to have a GRI Sector Standard

101 developed. Significant attention should be devoted to these standards to the specific needs and

102 circumstances of the public sector. We recommend that other activities dominated by the public

103 sector, such as defense, public order, or social protection, could also be considered for a Sector

104 Standard at a later stage.

4. Encourage policy and regulatory reporting in conjunction with operational impact reporting

GRI could provide guidance to distinguish the impacts caused by policies and regulations and those caused by the organization´s own activities. It could also encourage combined reporting using GRI Standards for the operational side and another existing framework for the policy aspect. Such guidance and recommendations can be implemented parallel or in advance of the Sector Standards recommended in the previous point.

More research would be necessary to better understand how this relates to policy monitoring and evaluation, an area in which public agencies, and particularly local authorities, increasingly rely on the Sustainable Development Goals (SDG) as a reporting and evaluation framework. Some GRI reporters in the public sector already integrate the SDGs in their reporting, and the goals provide a helpful and much-needed framework for them to report on their policy impacts alongside their operational impacts. We recommend facilitating the integration of the GRI Standards with the SDGs as a compatible framework to report on their policies.

In practice, we recommend that GRI raises awareness among PSOs on the connectivity of the two frameworks and suggests combined reporting for organizations willing to engage in policy reporting. In addition, GRI should refine the current mapping of SDGs and GRI Standards to the specific needs of PSOs. This includes highlighting their different purposes and complementarity in the context of organizations with policy and regulatory competences, avoiding any impression that the SDGs are part of GRI Standards.

As part of any of the suggestions above, GRI should be conscious of the 2030 deadline for the implementation of the SDGs and seek to engage as much as possible with UN partners to understand how integration could continue beyond this deadline.

5. Increase engagement with the public sector

Beyond the development of the standards, we recommend that GRI increase its engagement with the public sector by providing services to reporters.

GRI could target PSOs in its communication to challenge the persistent perception that the Standards are primarily designed for the private sector and raise awareness of their relevance to the public sector.

GRI should also build capacity and know-how within the public sector, for example, by creating course materials dedicated to PSOs as part of the GRI Academy or providing specific support services.

Introduction

136

137 As part of its 2023-2025 Work Program [1], the Global Sustainability Standards Board (GSSB)
138 requested the Standard Division to conduct an 'additional research project on the public sector'. It
139 states that the Sector Program does not currently contemplate developing a standard that considers
140 the unique perspective and functions of the public sector. Therefore, a research project exploring
141 existing practices, needs, and a workable structure for sustainability reporting in the public sector
142 would be beneficial.

143 This takes place in the context of the emergence of an interest in engaging in this domain within the
144 accounting reporting profession. In April 2023, the Chartered Institute of Public Finance and
145 Accountancy (CIPFA) in the United Kingdom published a report (hereinafter referred to as Adams,
146 2023) [3] calling for 'stepping up' public sector sustainability reporting and called for supporting the
147 use of GRI Standards and the SDG framework by public sector organizations (PSOs). In parallel, the
148 International Public Sector Accounting Standards Board (IPSASB) launched in 2022 a consultation
149 paper to its constituents on the opportunity of advancing public sector sustainability reporting [5],
150 followed in March 2023 by the launch of a project brief on the development of climate-related
151 disclosures [6]. Finally, the Association of Chartered Certified Accountants (ACCA) organized a global
152 roundtable on the topic of public sector sustainability reporting, which resulted in a call for better
153 sustainability reporting in the public sector to achieve the world's sustainability aspirations [7].

154 As PSOs venture into the realm of sustainability reporting, GRI has a key role in promoting its vision
155 of impact reporting and contributing its expertise in this domain. The aim of this document is to
156 provide an assessment of the state of public sector reporting and give recommendations on how the
157 GSSB can support PSOs in reporting on their impacts. Adams [3] has been one of the key sources in
158 its preparation, while the participation of staff from the Standards Division in ACCA´s roundtables and
159 the initiatives of IPSASB provided many valuable insights that are reflected in the analysis and
160 conclusions.

161 The document is structured as follows: Section I will propose a definition of the public sector and
162 describe its specificities in the context of sustainability reporting; Section II looks into what tools GRI
163 currently provides to PSO reporters and how reporters engage with impact reporting; Section III draws
164 some recommendations for the future of GRI's involvement into public sector reporting.

I. Public sector definition and key characteristics

A. Definition

Support for the idea that the public sector has reporting needs that differ from the private sector has gained traction in academic literature over the past fifteen years [8] [9], rooted in the idea that PSOs are fundamentally different from private organizations as their 'core tasks have to do with welfare and justice' [10]. Following changes in how governments operate over the previous decades,[1] the term 'public sector' is progressively being replaced in the accounting discipline with 'public services' [11]. While the former focused on the organizational structure, characterized by 'organizations providing services to the public that were publicly funded, owned and operated';[2] the latter focuses on the activities it performs, defined as 'those activities […] enshrined within the notion of public good or service based on universality of access for the citizenry rather than the private provision through the market' [11]. In other words, as governments have progressively outsourced activities traditionally operated by public entities, the definition of public sector shifted to the broader concept of 'public services', which encompasses those activities now operated by non-public sector entities. Unless mentioned otherwise, we use the term 'public sector' in this document to refer to the first of these concepts.

The universality of access and the notion of public good are elements of continuity between the two concepts. They relate more broadly to the role of the government as a provider of services and goods that are socially desirable but under-provided through the market economy. This is because the range of goods and services and the prices charged are based on political and social considerations rather than profit maximization. While debates on the desirable size of government and the extent of the activities falling within its scope are often politically charged, the role of the government as an economic actor is nowadays widely recognized, with the Organization for Economic Cooperation and Development (OECD) noting that 'governments are responsible for the provision of various goods and services to their populations [and] also strive to redistribute income across society, through social benefit and subsidies' [13]. The redistributive activity of government is another important characteristic of its impact, together with the capacity to pass law affecting the behavior of other economic units [14], The redistributive activity of government is another important characteristic of its impact, together

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[1] Particularly in western Europe and North America with the development of the New Public Management.

[2] This definition is similar to those used by the International Monetary Fund (IMF) which defines the public sector as consisting of 'all resident institutional units controlled directly, or indirectly, by resident government units' (IMF, 2014), or the System of National Accounts as institutional units – i.e. 'economic entity that is capable, in its own right, of owning assets, incurring liabilities, and engaging in economic activities and in transactions with other entities', that are owned or controlled by the government (SNA, 2008).

194   with the capacity to pass law affecting the behavior of other economic units, even if not all PSOs

195   share redistribution and regulatory roles.

196   Crucially for GRI and other standard-setting organizations, the public sector is not a sector in the

197   sense of an 'industry' of the economy, where organizations make up different parts of its supply chain.

198   It spreads over multiple industries, and its missions and mandates are diverse, varying across

199   geographies.

200   Taking into account these factors, we propose a definition of the public sector as the collection of

201   entities acting on behalf of the government, including the government itself. The determinant criterion

202   in identifying a PSO is not solely *ownership or control*, but its capacity to *act on behalf* of the

203   government to deliver goods and services that benefit society at the expense of maximizing profit.

204   Under this definition, the objectives and values of the government also apply to the public sector as a

205   whole. This is particularly relevant as it will determine how PSOs approach reporting in terms of

206   materiality assessment or scope. While the element of ownership and control is necessary for the

207   operationalization of the definition, and in particular to exclude private sector organizations acting on

208   behalf of the government (following the concept of 'public service'), it is not sufficient to understand

209   the objectives of organizations, especially concerning sustainability.

210 B. Typologies of the public sector

211   Establishing a typology of the public sector has a dual objective. First, it is necessary to limit the topic

212   of our research, and second, it will help us understand the specific needs of the public sector for

213   sustainability reporting and which areas within the public sector deserve special attention. Some

214   PSOs may not require specific support to conduct impact reporting based on the GRI Standards. For

215   example, some state-owned enterprises already use the GRI Standards without apparent challenges.[3]

216   Classifying PSOs across countries can be challenging. While some public sector activities are under

217   the government's exclusive jurisdiction, for example, the justice system, others, such as healthcare,

218   may be provided by both government and private entities [13]. In addition, the level of public provision

219   of goods and services varies significantly between countries depending on their policy choices,

220   current priorities, and political systems and traditions.

221   Classifications of the public sector vary depending on the discipline. Political science and law divide

222   the public sector according to the three branches of government (executive, legislative, and judiciary).

223   However, within the public administration and accounting discipline, public sector classifications are

224   based on the breakdown of public expenditure, and two main complementary frameworks stand out.

225   One focuses on the entities that constitute the public sector, while the other focuses on the type of

226   activities in which the public sector is involved.

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[3] An internal study on the adoption of GRI identified 472 state-owned enterprises listed in stock exchanges. Of these, 61% publish a sustainability report and within this subset, 76% mention GRI.

1. The Government Finance Statistics (GFS)

The Government Finance Statistics Framework (GFS) was developed by the International Monetary Fund (IMF) essentially for statistical purposes and, more precisely, to compile 'the statistics and guidelines for the presentation of fiscal statistics within an analytic framework that includes appropriate balancing items' [15]. More plainly, this framework is intended to support the analysis and evaluation of the performance of the government and the public sector in light of its fiscal policy. It classifies the public sector into institutional units that can be grouped into either the general government sector or public corporations. This framework includes all government bodies and organizations controlled by government units, see Figure 1. The smallest unit of this classification is the 'institutional unit', defined as an 'economic entity that is capable, in its own right, of owning asset, incurring liabilities, and engaging in economic activities and in transactions with other entities'. In 2008, a group of international organizations consisting of the European Commission, the IMF, the OECD, the UN, and the World Bank created the System of National Accounts (SNA), which reprises the main principles of the GFS and allows for higher comparability of aggregates collected in their member states.

The main feature of the GFS is that it focuses on the entities that constitute the public sector and establishes lines of financial accountability and commands between them. It allows statistical reporting across different levels of government and aggregates the data in a way that avoids overlap. In addition, the GFS's division of the public sector between the general government and the public corporation is particularly useful for GRI's purposes as it allows us to narrow down our focus.

Indeed, public corporations are distinct from the general government since they produce 'all or most of its output […] at prices that are economically significant' [15]. The main criticism of the GFS is that it does not properly fit the diversity of situations across countries and political systems, affecting its capacity to be used for comparison purposes. Although this criticism holds within the category of general government, the existence of criteria to distinguish the general government from public corporations seems to be applicable across geographies.

Figure 1. The Public Sector and its main components as presented in the IMF Government Finance Statistics Framework

Source: IMF, 'Government Finance Statistics Manual 2014' (Washington, DC: International Monetary Fund, 2014), p.19.

Given the similarities between public corporations and private sector organizations regarding operations and accountability needs, these organizations can use the GRI Standards without needing further adaptation. Therefore, we propose to narrow our focus solely on the *general government* and its components: central government, state government, and local government. Agencies and public enterprises that depend directly on the general government and are non-market producers still fall into the scope of this study.

2. The Classification of the Functions of Government (COFOG)

The second main framework is the Classification of the Functions of Government (COFOG). COFOG was developed by the OECD and published by the United Nations Statistical Division (UNSD). It builds on the SNA's government expenditure classification by further classifying the expenditure by

266 purposes, defined as the socioeconomic objectives that general government units aim to achieve

267 through various kinds of expenditure. While the GFS and the SNA aim to present who spends what,

268 the COFOGs present the socio-economic purpose of the expenditure. In both cases, the overall

269 purpose is to create statistical aggregates used for macro-economic accounting or policy evaluation.

270 In this classification, the general government sector is divided according to the goods and services it

271 provides. COFOG is a 3-level classification with 10 'divisions' at the top level, each broken down into

272 groups between 6 and 9 'activities', which are partly sub-divided further into 'classes'.

273 **Table 1. Overview of COFOG's first and second levels***

First-level	Second-level
General public services	Executive and legislative organs, financial and fiscal affairs, external affairs; foreign economic aid; general services; basic research; R&D related to general public services; general public services n.e.c.; public debt transactions, transfers of a general character between different levels of government.
Defence	Military defence; civil defence; foreign military aid, R&D related to defence; defence n.e.c.
Public order and safety	Police services; fire-protection services; law courts; prisons; R&D related to public order and safety; public order and safety n.e.c.
Economic affairs	General economic, commercial and labour affairs; agriculture, forestry; fishing and hunting; fuel and energy; mining, manufacturing and construction; transport; communication; other industries, R&D related to economic affairs; economic affairs; n.e.c.
Environmental protection	Waste management; water waste management; pollution abatement; protection of biodiversity and landscape; R&D related to environmental protection.
Housing and community amenities	Housing development; community development; water supply; street lighting; R&D related to housing and community amenities; housing and community amenities; n.e.c.
Health	Medical products, appliances and equipment; outpatient services; hospital services; public health services; R&D related to health; health; n.e.c.
Recreation, culture and religion	Recreational and sporting services; cultural services; broadcasting and publishing services; religious and other community services, R&D related to recreation, culture and religion; recreation; culture and religion; n.e.c.
Education	Pre-primary, primary, secondary and tertiary education, post-secondary non-tertiary education,

	education non definable by level, subsidiary services to education, R&D; n.e.c.
Social protection	Sickness and disability; old age; survivors; family and children; unemployment; housing; R&D; social protection and social exclusion; n.e.c.
* 'R&D' stands for Research and Development; 'n.e.c' stands for not elsewhere classified	

274 Source: OECD, 'Annex B: Classification of the Functions of Government (COFOG)', in Government at a Glance 2011, 2011,
275 194–95.

276 Other classifications of this type exist across disciplines. For example, the Comparative Agenda
277 Project classifies policy fields that include 21 major topics and 220 subtopics for conductive
278 comparative analysis across countries [16].

279 The main advantage of the COFOG and other sectorial classifications is that they offer a higher
280 degree of comparability across countries than hierarchical classifications. The level of government
281 presented in the GFS might make sense from a statistical perspective when presenting an
282 aggregated output compiled by a central authority. However, it might be impractical for the reporting
283 entities to use it, depending on the geographical and constitutional context. In countries with multiple
284 levels of government or federal systems, the respective attributions of different entities are sometimes
285 better understood in terms of policy topics and not only by geographic location or level of government.

286 Taking the COFOG classification as a starting point, we can separate the activities carried out by the
287 private and the public sectors and those almost the exclusive domain of the public sector. General
288 public services, defense, public order, and social protection will fall under the latter category, and this
289 distinction can be relevant for designing GRI Sector Standards (See section 'Recommendations').

C. Specific characteristics of the public sector

291 The International Public Sector Accounting Standards Board (IPSASB), an organization that develops
292 accounting standards and guidance for use by public sector entities, notes that the 'primary objective
293 of most public sector entities is to deliver services to the public, rather than to make profits and
294 generate a return on equity to investors' [17]. This means that PSOs are likely to consider that
295 improving conditions for 'society' is at the core of their mandate and their impact on the economy, the
296 environment, and people, is not simply a by-product of their activities.

297 In this aspect, they differ from private sector organizations whose primary objective is profit
298 maximization and value creation. The concept of 'value' has a specific meaning in the public sector,
299 which is simultaneously broader and separated from monetary value and often relates to 'the value of
300 life, the value of society, the value of quality and, if one is of a religious bent, the value of creation
301 itself' [18].

302 The *IPSASB Conceptual framework for general purpose financial reporting by public sector entities*
303 [17], highlights a total of six characteristics of the public sector: the importance of non-exchange
304 transactions, the importance of the approved budget, the nature of public sector programs and the

305 longevity of the public sector, the nature and purpose of assets and liabilities in the public sector, the
306 regulatory role of public sector entities, and the relationship to statistical reporting.

307 For the purposes of this document, we will analyze three distinct characteristics of the public sector
308 that will mark its approach to sustainability reporting: its capacity to set rules and regulations, its
309 accountability mechanisms, and the influence of stakeholders.

1. The policy and regulatory aspect of the public sector

311 Many PSOs regulate their environment and the behavior of other organizations and individuals
312 around them through laws, policies, and regulations. Regulation can take the shape of incentives for
313 individuals and businesses to behave a certain way or regulations to prohibit certain behaviors. The
314 extent of the organization's control over policy differs among the public sector. Some PSOs,
315 particularly within general government functions, have the ability to create and enact policies and
316 regulations, and therefore have a high level of control over their content. On the other hand, most
317 PSOs are responsible for implementing these policies, or at least their work program reflects policy
318 orientation decided by the first group of PSOs. Therefore, even though the level of control over policy
319 is limited, it remains material to PSOs.

2. Codified accountability mechanisms

321 The need for accountability in the public sector is fundamentally different from that in the private
322 sector. The V-dem Institute at the University of Gothenburg, led by S. Lindberg, describes the
323 accountability pathways within the public sector relative to the governments [19]. Vertical
324 accountability is the accountability of the government toward citizens, which mainly expresses itself
325 through free elections:[4] the citizens have the capacity to vote out politicians. Second, horizontal
326 accountability describes the accountability that different branches of government (executive,
327 legislative, and judicial) have toward each other, whereby each branch plays a role in keeping the
328 other two within the bounds of the law [20]. This, for example, includes reporting of a government
329 department or agency to Parliament or the executive branch's head. Finally, the elusive concept of
330 diagonal accountability relates to the idea of participatory democracy whereby citizens engage directly
331 or indirectly with the government either through their own actions, civil society organizations, or the
332 media. Examples of diagonal accountability include 'public demonstrations, protests, investigative
333 journalism, and public interest lawsuits' [19] and, in effect, seek to trigger the vertical and horizontal
334 accountability mechanisms. In this model, the ability of citizens to exert diagonal accountability
335 increases as information on government actions becomes available and transparent. Sustainability
336 reports would, therefore, fit neatly as part of this model and highlight the importance of citizens (and,
337 by extension, civil society organizations and the media) as key stakeholders of PSOs when they
338 undertake reporting.

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[4] As noted by Mechkova et al (2019) 'this accountability mechanism only works where elections are regular and relatively free and fair'. This de facto eliminates a certain number of geographies.

339 Accountability processes in the public sector include aspects of impact reporting, but they are mainly
340 focused on the organization's performance when delivering services to the public within the allocated
341 budget. The emphasis on how the budget is spent compared with the activities and policy
342 implementation will likely vary across geographies and institutions. This might translate into more or
343 less weight given to accounting approaches.

344 Accountability to citizens is also a much-discussed topic, with recurring calls to improve public
345 participation as the 'process of participation and representation are at the heart of democracies' [13].
346 Beyond elections, accountability to citizens and responsiveness to their opinions remain challenging
347 in modern liberal democracies. Recent data from the OECD shows that only 32,9% of the OECD
348 members population expect governments to adopt opinions expressed in a public consultation [13].
349 This shows that this accountability mechanism is likely to be much less developed than other
350 institutions, PSOs, and governments.

351 3. Influence of stakeholders

352 Related to their accountability mechanisms and due to the all-encompassing nature of their missions,
353 PSOs have a broad set of stakeholders. In many cases, the interactions with these stakeholders are
354 codified, not only when it comes to reporting.

355 The State, in the sense of the government and the legislative power, has a special status among the
356 multiple stakeholders of PSOs. It provides, in some instances, a regulatory or legal framework for
357 PSOs to report on their impacts. Beyond this, it also has a central role in terms of funding these
358 organizations and, to some extent, guiding their activities.

359 The concept of accountability, which is central to sustainability reporting, originates in the idea that
360 'when decision-making power is transferred from a principal (e.g., the citizens) to an agent (e.g., the
361 government), there must be a mechanism in place for holding the agent accountable for the decisions
362 and tools for sanction' [19]. Modern liberal democracies, therefore, equip themselves with reporting
363 systems that allow the government and its entities to account for its activities.

364 Based on the discussion of accountability described above, the following list of account-holders of a
365 specific type of public sector organization – a public agency – has been drawn by Schillemans et al.
366 2022 [21]. We have added additional account holders.

367 **Table 2. Mapping of accountholders based on Schillemans et al. (2002)**

Vertical accountability *Power relationships are sometimes characterized by hierarchy and/or budgetary control* *The claim for accountability is based on legal grounds, political tradition, or budgetary rules*	Diagonal accountability Accountability to bodies working independently from hierarchical superiors yet with authority	Horizontal accountability (social accountability) *Social form of accountability, which is mostly voluntary*
Parent-department	Board	Expert body
Cabinet	Inspection or regulatory body	Client body
Coordinating departments (such as finance department)	Court of audit or *Supreme Audit Institutions*	Interest groups
Non-coordinating departments	Ombudsman	CSO
Other agencies	Evaluation committee	Unions and workers or employees
Supranational bodies	Courts	News media
Parliament (specific sectorial committees)	*Parliament*	*Citizens/ service users*

368 The accountholders italicized have been added by us.

D. Challenges for sustainability reporting in the public sector

371 The public sector is a major contributor to the economy. In 2021, government expenditures amounted
372 to 46.3% of GDP, and general government employment (i.e., only a limited part of the public sector)
373 amounted to 18.6% of total employment, on average across OECD countries [13]. Therefore, it is a
374 large source of sustainability impacts. Excluding the public sector from reporting would minimize the
375 assessment of human activity on the environment, the economy, and people, including human rights.
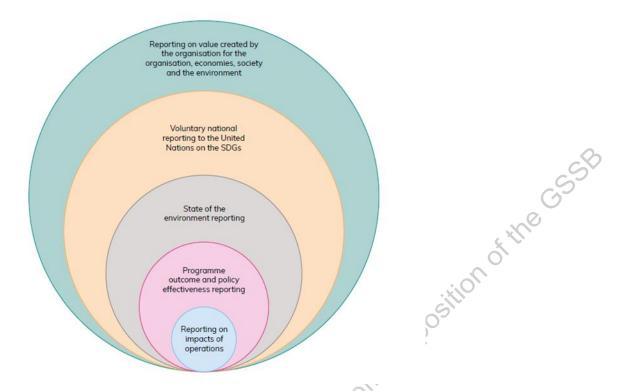
376 However, some of the characteristics of the public sector detailed above bring about potential
377 challenges regarding sustainability reporting.

1. Policy and regulatory aspects are likely to be material to public sector organizations

Many PSOs make and implement policies and regulations with the explicit intention of having an impact on people, the environment, and the economy. This makes the policy impacts of PSOs very likely to be material alongside their operational impacts.

This presents some challenges when it comes to reporting impacts. For example, regarding greenhouse gas (GHG) emissions, an organization might consider reporting on both the impact of its policies aimed at GHG emissions reductions within its jurisdiction and the GHG emissions of its own operations. In other words, the boundary between operational impacts and policy impacts might be unclear for organizations that are used to highlight the second. In practice, this could result in the GRI Standards not being used as intended. In the opposite case, where organizations would correctly identify the difference between their policy and operational impacts, it could result in two sets of reporting, increasing the burden on the organization.

It should be noted that reporting on public policies and implementation measures comes conceptually very close to policy monitoring and evaluation, particularly in the context of the Sustainable Development Goals (SDG). This overlap will be further explored in Section II.

Even the way that PSOs conceptualize sustainability is likely to refer to their policy work and the SDGs, which is slightly different from the practical definition of impacts provided by the GRI Standards. Interestingly, this also varies across geographies, with the term 'sustainability' sometimes solely referring to the capacity of an organization to maintain itself overtime [9].

Specific types of PSOs, those overseeing a jurisdiction such as a national, regional, state, or municipal government, are likely to consider that the impact of individuals, businesses, and organizations within their jurisdiction is relevant to sustainability reporting. This is usually referred to as state of the environment reporting.

This translates into three levels of reporting previously identified by GRI [2]: operational, policy and regulatory, and state of the environment. Adams [3] adds two reporting scopes: voluntary national reporting to the United Nations on the SDGs and reporting on value created by the organization, economies, society, and the environment. Figure 2 below presents these scopes.

Figure 2. Spheres of reporting described in Adams, 2023

Reporting on value created by the organisation for the organisation, economies, society and the environment

Voluntary national reporting to the United Nations on the SDGs

State of the environment reporting

Programme outcome and policy effectiveness reporting

Reporting on impacts of operations

407   Source: Adams, CA. Public Sector Sustainability Reporting: Time to Step It Up. CIPFA; 2023. p.22

2. Gaps between sustainability reporting and accountability mechanisms

410   The challenge to sustainability reporting for PSOs not only relates to the content but also to the form

411   of reporting. PSOs are used to be accountable to other PSOs (sometimes referred to as

412   accountholders) according to specific rules often defined in law or custom. For example, ministries or

413   government departments must give parliament an account of their activities. This implies a cultural

414   gap with the flexibility of impact reporting. For example, the GRI Standards invite the organization to

415   question their own processes and adapt the reporting to its context, broadening the concept of

416   stakeholders and adopting their different points of view.

417   In addition, PSOs might be protective of their accountability activities. For example, an interviewee

418   mentioned how stakeholders who were traditional accountholders of the reporting organization were

419   reluctant to engage in the materiality assessment process, as this process was foreign to their

420   representation of their mission toward the reporting organization. For many PSOs, the commitment to

421   sustainability reporting might be subject to political choices made by elected representatives, who are

422   not always part of the reporting organization.

3. Mandatory reporting in the public sector is not taking off

424   Through literature review and desk research, we identified jurisdictions with policies (regulations,

425   laws, or guidance) relating to sustainability reporting in the public sector across the world. Our

426   objective was to assess the maturity of the regulatory environment and identify any jurisdiction where

427   sustainability reporting in the public sector would be particularly developed as a result of regulation on

428   the topic. The list we compiled is not meant to be exhaustive but provides an overview of different

429   approaches and trends in regulation and policy across different geographies. We particularly sought

430   to identify regulations, laws, and policies in non-English speaking countries and as much as possible

431   in emerging and developing economies.

432   Building on Adams [3], which looked at English-speaking regulations for sustainability reporting in five

433   jurisdictions, we identified an additional 21 policies across 13 jurisdictions (plus the OECD). In some

434   jurisdictions, we also found evidence that there were no such policies. For example, in Germany, to

435   our knowledge, there are no generally applicable binding regulations on sustainability reporting for the

436   public sector [22]. In Ghana and Egypt, we identified that while comprehensive guidelines on

437   corporate governance in the public sector existed, they did not include provisions for reporting. The

438   policies are described in Annex I.

439   •   Scope

440   We identified 13 policies that applied to some degree to a group of central government entities. The

441   most advanced example of such policy was the Guidelines for Sustainability Reporting in Central

442   Government in Finland, published in 2021, a voluntary reporting framework directed to central

443   government ministries, agencies, and institutions [23]. This framework includes a distinction between

444   the reporting organization's 'handprint' as a result of its operations and 'footprint' as a result of its

445   policies. It is strongly aligned with the SDGs.

446   The other category of PSOs that stand out as being subject to sustainability reporting policies are

447   state-owned enterprises. In some jurisdictions, the policy applies to both private and public sector

448   enterprises, with the criteria for inclusion being the size of the organization's workforce or its revenue.

449   However, in cases such as Sweden, Spain, Chile, or India, the policy targeted state-owned

450   enterprises. The duty to lead by example was cited as a key reason for conducting sustainability

451   reporting in these organizations (particularly in Sweden, Spain, and Chile) and the importance of the

452   state-owned enterprises in the economy (India).

453   Although numerous academic articles focus on local authority, we found few policies specifically

454   addressing local authorities. In France, we found that largely populated local authorities are required

455   to prepare sustainability reports before the budget debate. However, the requirements of the nature of

456   these reports are focused almost solely on policies and translated into descriptions of these policies

457   that are not always accompanied by an analysis of their impact. In Italy, the policy is mainly voluntary.

458   The scarcity of policy reporting at the local level is all the more interesting, and we found multiple

459   examples of sustainability reports by municipalities or local authorities, which could indicate that this

460   reporting is mostly voluntary and could be the product of other trends. In New Zealand, the review of

461   the Environmental Reporting Act in 2014 was foreseen by scholars [24] to involve an extension of

462   requirements to local authorities, but that was not the case. In the United Kingdom, the National Audit

463   Office puts into perspective the lack of consistency in reporting greenhouse gas emissions by local

464   governments, with the absence of mandatory reporting for the public sector as a whole [25].

465   •   Definition of sustainability

466 A significant share of the policies we reviewed focused on the environmental aspect of sustainability,
467 for example, requiring reporting on greenhouse gas emissions, waste management, or water usage.
468 However, we also found that some jurisdictions have separate reporting policies on different aspects
469 of sustainability, such as gender equality in the workforce or governance structures, that are not
470 labeled as sustainability reporting. This also means that the lack of policies on the umbrella topic of
471 sustainability at the local level and other levels does not necessarily mean that there is a lack of
472 reporting on sustainability topics.

473   •   Type of requirement

474 We found mandatory and voluntary reporting requirements among the policies we reviewed. Although
475 more requirements were mandatory than voluntary, we also found that their application was
476 fragmented. In some cases, such as the mandatory reporting by Swedish State-Owned Enterprises,
477 they applied to a limited number of entities. In other cases, they were not implemented despite the
478 mandatory requirement, such as in Spain, where 'the maximum level of compliance with the
479 sustainability reporting mandate was 43% in 2012' [26]. Finally, the mandated policies are sometimes
480 inconsistently implemented. In Canada, for example, federal public agencies and government
481 departments are required by the Federal Sustainable Development Act to report on their progress in
482 implementing the Federal Sustainable Strategy; out of eight reporting items relating to the
483 departments' operations under the goal 'Greening government' five were deemed incomplete or
484 untimely [27]. For some of these targets, as little as one to four departments or agencies out of 26 had
485 reported information. By contrast, in Finland, where reporting is voluntary under the Guidelines for
486 sustainability reporting in central government, 67% of central government accounting units published
487 a sustainability report for 2021 [28].

II. Current reporting practices of public sector organizations

488
489

A. Type of reporting by public sector organizations

490
491 Reporting in the public sector takes multiple forms to accommodate the accountability needs and
492 legal requirements applicable to organizations. In section I.D.1, we describe how public sector
493 reporting can be conceptualized across five different scopes. In this section, we analyze how
494 organizations report in practice and identify different types of reporting.

495   Research done by GRI in 2004 on reporting in the public sector [29] identified six broad categories of
496   reports, among which five remain relevant today.[5] We have added the reports on the Sustainable
497   Development Goals, which were adopted in 2015. By contrast with 2004, we found that although
498   different reporting categories exist, they no longer translate into stand-alone reports but tend to be
499   aggregated into hybrid reports, with the exception of financial reports. Therefore, the categories
500   presented below are more likely to be understood in terms of reporting type rather than report type.

1. Financial/Annual report

502   Although these reports are common and cover aspects relevant to sustainability and impact, they are
503   first and foremost aimed at providing an account of how public organizations manage and spend their
504   budget. These types of reports focus on financial performance in the context of the organization's
505   management structure, policies, and achievements over the past year. They are usually mandatory
506   and have the potential to be audited.

507   These reports are compiled using specific national or international rules and reporting standards,
508   among which IPSASB creates the standards.

509   In some cases, they include data on sustainability or triple-bottom-line reporting, although these
510   aspects tend to be presented in a separate report or annex.

2. Environmental reporting

512   Environmental reporting focuses on the effects of the activities of specific public sector entities on the
513   environment. Although they are often titled 'sustainability reports' or describe their content as related
514   to sustainability, the social and economic aspects are not included. They focus on metrics that
515   describe the organization's performance in relation to the environment and, as such, constitute a
516   specific type of impact report.

517   These reports are also sometimes described as environmental performance reports covering themes
518   such as resource consumption, emissions, waste, purchasing and procurement, and green budgeting.
519   In some cases, these reports are also used to support certification for issuing green bonds.

520   We found that although specific guidance existed on environmental reporting, the reporting itself was
521   sometimes integrated into other types of reporting. For example, in the UK, where central government
522   agencies are required to comply with reporting requirements on their environmental impact [30], the
523   Department for Health and Social Care publishes environmental reporting information as part of an
524   annex of its annual report [31]. The UK Department for Transport publishes this information as a
525   chapter of its annual report alongside broader SDG reporting items [32].

526   Although multiple examples of stand-alone environmental reports were mentioned in the 2004
527   research done by GRI, we did not find such examples in 2023. As described above with examples

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[5] The omitted category is 'Sustainability Indicators/Index reports' for which we could not find direct equivalent today. This category presents some resemblance with the new reporting category although it was broader in scope.

528   from the UK, we found multiple PSOs reporting on their environmental impact as part of broader
529   reports.

3. State of the environment report

531   This type of report focuses on the state of the environment in a specific jurisdiction and covers topics
532   such as air quality, climate change, and biodiversity. It is usually driven by a scientific assessment of
533   the state of the environment and the pressures put on it by societies and human activity. It often also
534   discusses policy responses or raises the alarm to political entities (government or parliament) on
535   environmental risks.

536   In many cases, these are statutory reports, i.e., they are requested by law and drafted by recognized
537   entities deemed independent from the government of the day.

538   The scope of reporting is not limited to the reporting entity or other entities but rather describes the
539   overall impact on the environment within a specific jurisdiction. It might, for example, describe the
540   level of pollution in rivers and link it to human activity but not to specific organization's activities.

541   Although these reports are first and foremost focused on the state of the environment, they usually
542   acknowledge the link between human well-being and the effects of the environment on people and
543   communities and vice-versa.

544   This type of report is very common and likely to have become widespread with the development of
545   international agreements on climate change. We found numerous examples of these reports at
546   regional, national, and sub-national levels across the world.

547   Examples of such reports can be found in Australia, New-Zealand, France, South Africa, China, and
548   Japan.

4. Sustainable policy report

550   Sustainable policy reports focus on the organization's impact on the environment, economy, and
551   people through its policies rather than (simply) its operations or activities. This applies to PSOs with
552   regulatory powers such as central government, state, province, or local authorities.

553   In practice, these documents often describe policies and action plans and explain how they intend to
554   address sustainability challenges, but they rarely present a balanced assessment of the impacts of
555   these policies or their effectiveness. As noted in 2004, this could be due to the complexity of
556   conducting such assessments. They tend to be drafted by the organization rather than an external
557   party (as is the case of the state of the environment report), and as such, they often resemble general
558   communication tools.

559   Examples of such reports were found in local authorities in Italy, France, and South Africa.

5. Sustainable development report based on the SDGs

This category of reports is similar to the sustainable development policy reports described above, although they use the SDGs as a reporting framework for reporting instead of local policies. These reports seek to assess how well the reporting entity is doing in terms of achieving the goals that it assigned itself.

This category of reports, although not homogenous, has grown significantly over the years. As part of this study, 71 reports relating to sustainability issued by PSOs were identified, and 43 (61%) mentioned the SDGs. This was slightly lower among PSO's GRI reports (57% or 25 reports out of 44 GRI reports).

Countries are responsible for monitoring their progress toward the SDGs, and while reporting methods vary, they must comply with the UN's Fundamental Principles of official statistics [33]. The UN Statistics Commission adopted the System of Environmental-Economic Accounts (SEEA), and in Europe, the Conference of European Statisticians (CES) agreed on Recommendations for National Sustainable Development Indicators (CES Recommendations). These types of reporting by national states are often referred to as 'sustainability reporting', which presents some similarities with GRI's vision of sustainability reporting but goes further in scope. For example, a 2014 study from the Dutch Planning Bureau [34] compared the CES Recommendations with the GRI G4 Standards in an attempt to identify convergence and divergences of sustainability reporting between the public and private sectors.

Similarly, PSOs are ramping up their reporting on the SDGs, and in many cases, they do so as part of their GRI reporting. GRI has issued multiple guidance materials in this domain, including three guides and one linkage document with support from the Swedish International Development Agency (SIDA) [35], [36], [37], [38]. A GRI Academy course, part of the certification program titled 'Integrating the SDGs into sustainability reporting', offers a service to review the alignment of GRI's content index with the SDGs (SDG mapping add-on). This guidance is focused on corporate reporting, and it would be useful to assess whether they address the needs of PSOs in this domain.

In parallel, reporting following the SDGs has developed globally. At the local level, cities and local authorities have progressively started to publish Voluntary Local Reviews (VLRs). In these reports, cities select a subset of SDGs and usually report on the policies they implement in this area. They also monitor the situation (which can be deemed to fall into the scope of both contextual information and impact reporting). VLRs have gained much traction over the years, alongside the development of reporting guidance documents and the networking of reporting cities to share their experiences. The UN does not coordinate the creation of VLRs but encourages them, and its department of Economic and Social Affairs centralizes VLRs known to them into a public database on its website [39]. There are currently 171 VLRs in this database.

We found that some local authorities that previously reported with GRI now report with VLR-SDGs (see, for example, the cities of Melbourne [40] and Stirling [41] in Australia), but also found one

597 example of a local authority reporting both with VLR-SDGs and GRI, namely the province of Córdoba
598 in Argentina [42], [43].

6. Sustainability/Triple bottom line report

600 This type of reporting enables simultaneous assessment of the organization's impact on the
601 environment, economy, and people at the operational level while incorporating elements of impact
602 through policies. It links operational performance to the agency's vision and strategy [44]. Since 2004,
603 the number of such reports has increased, particularly with the publication of the GRI 2005 public
604 sector supplement. We found multiple references to this supplement in the literature, although it is no
605 longer effective as a GRI Standard (see the section on GRI guidelines for the public sector).

606 We found examples of such reports in four broad types of public sector organizations: state/provincial
607 governments, municipalities, public agencies, and state-owned enterprises. The specifics of this
608 reporting and the suitability of the GRI Standards will be explored further in this report. Evidence
609 shows that the reporting differs between organizations with regulatory powers (state/provincial
610 governments and municipalities) and those without (public agencies and state-owned enterprises).

7. No globally accepted framework for public sector reporting

612 Our analysis shows that, without a single globally recognized reference, organizations tend to
613 combine these reporting categories and build upon different frameworks to fit their purpose. This
614 creates a fragmented reporting characterized by the absence of a commonly agreed definition of
615 'sustainability'. The terms remain understood by some organizations in the public sector as solely
616 related to environmental matters. Although environmental reporting is often accompanied by other
617 (mandatory) reporting related to sustainability topics, such as employment or diversity, this approach
618 carries the risk of not sufficiently accounting for the relationship between the different sustainability
619 aspects, presenting a biased picture of the organization's impact. In addition, this increases the
620 burden on reporters who might report on overlapping impacts and who might need to draw on
621 different reporting frameworks to fulfill legal requirements.

622 Although GRI Standards could address these challenges, few PSOs use them. One possible reason
623 is that the current Standards framework does not provide sufficient space to integrate reporting on
624 levels beyond operational impact, particularly on their action's policy or regulatory aspects. For
625 example, a former GRI reporting local authority mentioned that it decreased its use of GRI Standards
626 over the years until it fully phased them out due to the perceived lack of return compared to the
627 amount of time necessary to use them. This local authority still reports on sustainability but uses its
628 own strategy and outcomes as a reporting framework.

629 Finally, there is evidence that the ubiquity of the SDG filled a gap in the sustainability reporting
630 landscape as it offers a conceptual, if not practical, framework for PSOs to reflect on their contribution
631 to sustainability. In some cases, they are also used as a theoretical framework to report on
632 operational impact with debatable success. In Finland, the guidelines for sustainability reporting in the
633 central government [45] introduced a promising example of SDG-based sustainability reporting

634   focused on the organization's policy or regulatory activities ('handprint'). At the same time, the
635   operational impacts (described as the 'footprint') are reported in a separate section.

636   Anecdotally, we found two examples of former GRI reporters in Australia who switched to reporting
637   solely with the SDGs. One of them highlighted the desire to align reporting with their new strategic
638   phase in relation to the SDGs and to enable them to 'understand [their] contribution as a local
639   government to global goals to address the social, economic and environmental elements of
640   sustainable development'. It also notes that while it 'ceased [to] formally reference GRI indicators […
641   it] acknowledges that many of the key focus areas outlined within the GRI remain embedded in its
642   reporting' [41].

643   Adams [3] proposed a framework for integrated reporting building on the TCFD structure, with four
644   axes of reporting: governance, management approach, strategy, and performance and targets. These
645   axes were populated by existing disclosures, including GRI's disclosures, IPSASB's Recommended
646   Practice Guidelines, ISSB's Integrated Reporting Framework, and the SDG's Recommendations. The
647   report highlights that GRI disclosures are valid for Public Sector reporting and includes most GRI
648   Topic Standard disclosures under the 'performance and targets' heading.

649 B. GRI initiatives for the public sector

650   'Any organization can use the GRI Standards – regardless of size, type, geographic location, or
651   reporting experience' (*GRI 1*). The principles and the disclosures of the GRI Standards can be equally
652   applied to the private or public sector. Because the GRI Standards focus on the external impacts and
653   do not rely on the effects on enterprise value to assess materiality, they are better aligned with the
654   needs of PSOs than other standards.

655   Nevertheless, private enterprises form the majority of those organizations reporting using the GRI
656   Standards, and most of the stakeholders who participate in the development of GRI Standards
657   represent private companies directly or indirectly. This generates a slight bias toward private sector
658   terminology and metrics in some GRI Standards, particularly for standards related to economic
659   impacts. More specifically, PSOs may have difficulty gathering the requested information or could find
660   the terminology confusing in Disclosure 201-4: Financial assistance received from government, *GRI*
661   *203: Indirect Economic Impacts 2016*, *GRI 205: Anti-corruption 2016*, and *GRI 207: Tax 2019*. We did
662   not identify any bias in the standards related to the environment.

663   In addition, we found multiple examples in which the disclosure metrics or the terminology are not
664   adapted to PSOs. A first example is using the terms 'business partner', 'business relationship', or
665   'business conduct' to refer to reporters' attributes.

666   Three different GRI initiatives have tried to fill this gap and address the public sector's specific needs,
667   which will be discussed in this section.

1. 2005 Public Sector Supplement

- Background of the supplement pilot

The Public Sector Supplement (pilot version 1.0) [2] was published in 2005 as a set of guidelines addressed explicitly to public sector reporters ('Public Agencies') willing to report with GRI. As with other supplements at the time, the Public Sector Supplement pilot was designed to be used in addition, not in place of the predecessor of the GRI Standards, the GRI Guidelines, and, more specifically, their second version, GRI G2. Preparatory work by GRI's secretariat noted that while the GRI G2 guidelines were assessed to apply to public sector agencies, they were deemed not specific enough to support the public sector.

The creation of the public sector supplement had multiple objectives. First, it was meant to support reporters in the public sector by creating guidelines dedicated to their specific needs and impacts. Second, creating a more homogeneous reporting tool across public sector entities was meant to allow comparisons over time and among different organizations. In addition, it was seen as contributing more broadly to increasing public sector transparency.

- Content of the public sector supplement 2005

The supplement addressed multiple challenges of public sector reporting that we identified in the present document.

It embraced a voluntarily broad definition of the public sector based on the UN system of national accounts, which focuses on ownership and management structure rather than the nature of the organization's missions. This means it did not tackle the potential challenges of agencies or organizations operating in sectors or industries otherwise covered by other supplements.

The supplement noted the challenges of applying the GRI G2 Guidelines to a context where three relevant reporting scopes coexist (organizational performance, public policies and implementation measures, and context or state of the environment – see section I.C.1 above). However, it stopped short of proposing an approach integrating these three aspects and focused solely on organizational performance, public policies, and implementation measures. The information relating to the context and state of the environment was deemed to be already available in other types of reports, but the supplement does not provide reporting guidelines on this aspect.

The supplement underlined how a description of the policy and legal context was particularly relevant to the public sector, mentioning, for example, broader country commitment to the United Nations Millennium Development Goals or legal commitments such as the Kyoto Protocol. The challenge of drawing the line between policy reporting and conducting policy evaluation was circumvented by explicitly excluding 'disclosures for the specific purpose of analyzing the effectiveness of a given set of public policies or implementation measures'. However, it did include disclosures regarding the reporting organization's progress in implementing these policies, which resembles policy monitoring.

703 Although the structure of the GRI G2 guidelines and that of the Public Sector Supplement is thematic
704 and differs significantly from the structure of the current Standards, we have summarized the main
705 contributions of the Public Sector Supplement below:

706   o   Disclosures allow reporting on public policies and implementation measures. This
707   specifically targeted policies and measures related to sustainability. It applied
708   regardless of the organization's control over the said policy or measure and its
709   outcome (for example, public agencies implementing policies designed by an elected
710   government would still have to disclose these policies). This set of disclosures was
711   designed to allow reporting on a broad set of sectorial policies related to
712   sustainability with the goal of being similarly applicable to, for example, a public
713   agency in the field of justice and a government department in charge of health. To
714   achieve this, it provided a framework to describe the policies rather than setting
715   expectations on the content of these policies. In this respect, it does resemble the
716   approach and the vocabulary of the current GRI 2 disclosures relating to internal
717   policies and strategies on sustainability, which were also included in the GRI G2
718   guidelines. This generic approach was the source of much criticism in the academic
719   literature relative to the application of GRI reporting to public sector organizations,
720   with calls for a more prescriptive approach to what sector-specific sustainability
721   policies should look like as part of the reporting framework [46].

722   o   The supplement provided additional performance indicators on two out of three
723   aspects of the 'triple bottom line reporting', i.e., the economic and social aspects.
724   The environment aspect was deliberately not addressed, and although no
725   justification was provided, this could be a sign that the working group did not foresee
726   any difference in reporting needs on this aspect compared to the private sector.
727   The additional economic performance indicators were primarily related to public
728   procurement and public expenditure. This was identified early on as a sticking point
729   of public sector reporting and resulted in four specific indicators. In parallel, three
730   additional indicators were created relating to expenditure to fit PSOs' accounting
731   system more accurately.
732   A unique social performance indicator was added with a focus on the 'efficiency and
733   effectiveness of services provided by the public agency, including the actions taken
734   to improve service delivery'. To avoid the evaluation-trap, the indicator did not
735   request to provide the assessment itself but to describe whether the assessment
736   took place and, if it did, what its conclusions were.

737   o   It provided an explanation of the intent behind disclosure elements and indicators of
738   GRI G2 that used concepts and terminology that were not commonly used in the
739   public sector context.

740 • Reception and impact of the public sector supplement 2005

741 Despite the initial ambition to follow the piloting of the public sector supplement by a phase of
742 assessment through a Structured Feedback Process to refine it, the pilot was never finalized into a
743 public sector supplement.

744 In 2010, GRI conducted an analysis of GRI reporting in government agencies [4], specifically on the
745 adoption of the public sector supplement pilot. It concluded that public sector sustainability reporting
746 was still in its infancy compared to other sectors. This was true in terms of the quality of reporting and
747 the number of reports published – not only did a comparatively small number of reports emanate from
748 public sector organizations, but only half of the sample analyzed used the pilot supplement. The
749 authors noted that the reporting was fragmented, with reporters choosing to report only on a subset of
750 indicators and mostly narrative, which offered little opportunity for comparison among them. Two
751 general challenges were identified for future revisions: the need to refine the definition of the entities
752 that fell into the scope of the public sector, particularly regarding state-owned enterprises, and the
753 need to address the persistent perception that the main GRI Guidelines[6] had private sector
754 foundations. At a more granular level, public policies and implementation measures were assessed to
755 be frequently reported on but not necessarily consistently or using the pilot supplement dedicated
756 indicators. Reporting on procurement and administrative efficiency (one of the specific reporting
757 elements in the public agency supplement) was even less advanced. While the findings of this
758 analysis are useful, they need to be positioned in a context where the understanding of sustainability,
759 more specifically reporting, was less widespread than it is now. In a subsequent section, we will
760 discuss an analysis of current sustainability reporting in the public sector.

761 In 2010, and after the adoption of GRI G3, GRI stopped publishing sector supplements. In 2016, the
762 guidelines and sector supplements were retired, and the GRI's reporting system was overhauled into
763 Standards. Nevertheless, the sector supplements, including the Public Sector, continued to circulate
764 through different channels and were used by some reporters even for a few years.

765 To date, the public sector supplement is the only known guidance at a global level for PSOs to report
766 comprehensively on their impacts. Although it is no longer part of the GRI Standards and cannot be
767 found on GRI´s website, it remains a blueprint for this type of reporting. In 2013, the working group on
768 environmental auditing of the INTOSAI noted that 'apart from the GRI public sector supplement, there
769 are no global initiatives that would support public sector reporting' [47]. As noted in an earlier section,
770 other frameworks, such as the SDGs, have emerged as an important element of public sector
771 reporting. However, they do not constitute a reporting framework like the GRI Standards or the Public
772 Sector Supplement pilot did. This puts GRI in an advantageous position to take the lead on this topic,
773 building both on the previous work of the public sector supplement and its expertise in the current
774 Standards.

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[6] By the time this report was drafted, a new version of the Guidelines, GRI G3 Guidelines had come into effect in
2006.

2. ABC of GRI Standards for Public Servants project in Latin America

In 2020, the GRI LATAM Network published a guide on public sector reporting through funding of SIDA under the title *ABC of GRI Standards for civil servants* [48]. This took place in the context of the growing interest of the public sector in the region for GRI reporting due to two factors.

First, governments were interested in encouraging businesses in their country or region to adopt GRI reporting. Working with the network, they identified that by reporting on their own impacts and conducting their reporting with GRI, they would be able to lead by example and become more aware of how this could fit more broadly into their policies. This is the case, for example, of the Colombian Ministry of Mines and Energy, which published its GRI report in 2021 [49].

In doing so, PSO reporters saw an opportunity to combine this reporting with the emerging SDGs. In consultation with the network, they managed to identify the complementarity, which in turn reinforced the legitimacy of GRI reporting. We understand that the LATAM network signed MOUs with some state entities to support them in reporting and pushing forward the creation of policies and laws relative to GRI reporting for private sector organizations within their jurisdiction.

As part of this collaboration, the LATAM network identified that PSOs experienced the following difficulties with the current standards:

- Governance: the governance structure differs from the private sector and is subject to political appointment or election. The current structure of the standards, which focuses on the power of the board in comparison with the power of senior management, does not apply to the public sector and is difficult to translate into their governance structures;

- Corruption: the standard on corruption is not broad enough to capture the instances of corruption that exist and their specificities in the public sector;

- Public procurement: in the public sector, public procurement is more regulated and does not solely rely on a balance of price and quality. Other factors, such as time, impact, and organizational objectives, are also considered. However, the disclosure of the standards relating to procurement (*GRI 204: Procurement Practice 2016*, *GRI 308: Supplier Environmental Assessment 2016*, and *GRI 414: Supplier Social Assessment 2016*) are considered too limited to account for these.

The approach of the LATAM network to PSOs seems to bear fruit, as we have found numerous public sector reporters in the region, especially in recent years.

3. GRI Sector Standards

Universal Standards (*GRI 1*, *2,* and *3*) and GRI Topic Standards maintain complete neutrality regarding the type of organizations that can use them and do not make any reference to either the public or private sector. The new GRI Sector Standards try to identify the type of organizations that will report with them and can, therefore, introduce specific references to the public sector.

811 Three of the four GRI Sector Standards published by the end of 2023 refer to PSOs as reporters: *GRI*

812 *11: Oil and Gas Sector 2021*, *GRI 12: Coal Sector 2022*, and *GRI 14: Mining Sector 2024*. They note

813 that state-owned enterprises are present in most countries where the sector operates and represent

814 'some of the largest organizations in the sector'. State-owned enterprises are also described as 'often

815 the largest (oil and gas/coal) producers and hold ownership of the majority of global reserves. […]

816 SOEs have specific challenges relating to transparency and governance, which are addressed in

817 some of the likely material topics in this Standard' [50]. This translates into two specific areas.

818 First, in the Anti-corruption likely material topic, which is common to the three Sector Standards it is

819 noted that SOEs face specific challenges in this area 'because they have less effective internal

820 control and be subject to partial independent oversight'. This does not, however, translate into specific

821 disclosure requirements for SOEs.

822 Secondly, state-owned enterprises are mentioned in the Payments to governments, a likely material

823 topic, highlighting the risk of trade mispricing. This translates into an additional reporting

824 recommendation for SOEs to report their financial relationship with the government.

825 By default, the Sector Standards mentioned above assume that PSOs in these sectors can report on

826 all the other likely material topics without any extra disclosure or specific guidance.

827 # C. GRI adoption by public sector organizations

828 ## 1. Data on reporting from GRI notifications

829 Levels of adoption by PSOs of GRI Standards have been consistently low over time. We use the GRI

830 database of sustainability reports to identify the percentage of PSOs among GRI users. Although the

831 data should be interpreted with caution, it is a valuable source of evidence on reporting in the public

832 sector.[7]

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[7] GRI holds a database of sustainability reports identified through different, mainly self-declaratory, sources (for example organizations notifying GRI of their report as part of the notification requirement in *GRI 3*). This database offers a partial picture of the state of reporting as some reporters might not notify GRI of their reports, or a higher volume of reports might come from GRI networks that are particularly active in sourcing these reports. However, this is currently the most complete source of information that exist on the state of reporting by both private and public organizations. When submitting their report, organizations self-select their industrial sector category, among which 'Public agency'. We used this category to identify public sector organizations although the self-selection criteria means that we cannot control the validity of this claim, and there is no official definition of the term.
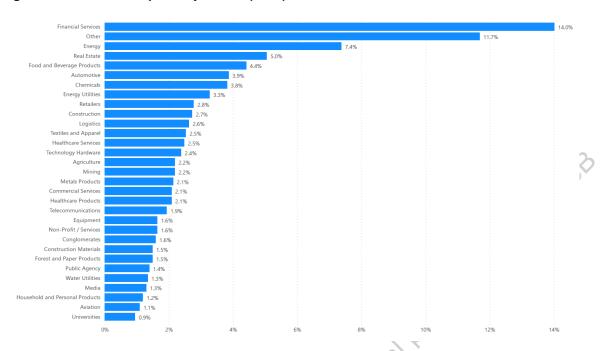
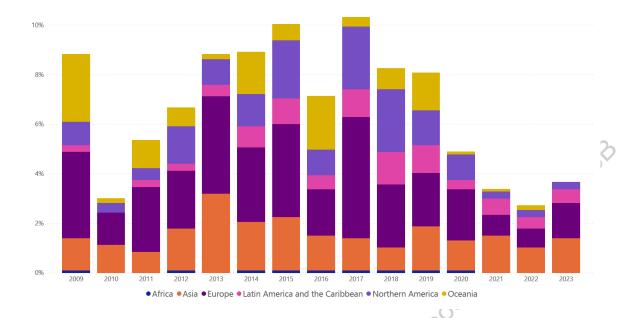**Figure 3. Known GRI reports by sector (2022)**

Sector	Percentage
Financial Services	14.0%
Other	11.7%
Energy	7.4%
Real Estate	5.0%
Food and Beverage Products	4.4%
Automotive	3.9%
Chemicals	3.8%
Energy Utilities	3.3%
Retailers	2.8%
Construction	2.7%
Logistics	2.6%
Textiles and Apparel	2.5%
Healthcare Services	2.5%
Technology Hardware	2.4%
Agriculture	2.2%
Mining	2.2%
Metals Products	2.1%
Commercial Services	2.1%
Healthcare Products	2.1%
Telecommunications	1.9%
Equipment	1.6%
Non-Profit / Services	1.6%
Conglomerates	1.6%
Construction Materials	1.5%
Forest and Paper Products	1.5%
Public Agency	1.4%
Water Utilities	1.3%
Media	1.3%
Household and Personal Products	1.2%
Aviation	1.1%
Universities	0.9%

Reports from public agencies made up 1.4% of all the reports with a known sector added to the database in 2022 (See Figure 3 above). This is significantly lower than high-reporting sectors such as financial services or energy and is consistent over time. Between 2009 and 2023, the share of reports from public agencies remained under 3% of the total number of reports. The regional makeup of reporting by public agencies varied over time, although this could reflect some GRI networks being more active in sourcing the reports and adding them to the database. Asia and Europe have consistently had bigger shares of the total number of public agency reports over the years, reflecting their relative size compared to other regions. The share of reports from Oceania has been inconsistent over the years and seems to show a marked decrease over the last four years. This is particularly relevant as local authorities and public sector agencies in Australia and New Zealand were associated with the creation of GRI's public sector supplement in 2005 and showed a high level of reporting around that time and in the following years. The share of reports from public agencies in Northern America also seems to have decreased over the years. While the share of those from South America and the Caribbean, if not consistent over time, shows an overall increase since 2009. See Figure 4 below.

849 **Figure 4. GRI reports from public agencies by year and by region**

850

2. Content analysis of GRI reports

852 Ten GRI reports from PSOs were analyzed in-depth to understand the public sector approach to
853 reporting and the content of such reports. We particularly sought to identify examples of how the GRI
854 Standards are used in practice and if any lessons could be drawn from this exercise. The sample
855 analyzed included three state-owned enterprises, three public agencies, and four organizations with
856 general government functions. The sample is described in more detail in Annex 2, alongside the
857 methodology and the approach to analysis.

858 Although the analysis highlighted the overall suitability of the GRI Standards to report on most of the
859 PSOs' impacts, it also uncovered some mismatches between what the PSOs seemed to want to
860 report on and what the standards allowed them to report on. This feeds into the broader debates of
861 PSOs' maturity regarding sustainability reporting and the suitability of GRI Standards to report on
862 impacts going beyond their business operations.

863 • Materiality assessment

864 Two reporters used an external consultant to support them in conducting their materiality assessment,
865 especially for matters related to stakeholder engagement. In one case, the materiality assessment is
866 heavily reported: the assessment took six months and gave rise to public events and broad
867 consultation with multiple stakeholders, including citizens. The organization is visibly proud of this
868 process.

869 There are multiple cases in the sample where the material topics are very similar to key items of their
870 main strategic document (i.e., action plan, development plan, strategy document), and it is unclear
871 which precedes the other. In some cases, it seems like the strategy dictates the material topics. This
872 is perhaps unsurprising as the material topics should reflect those considered important to the

873 reporters, but it raises questions about genuinely examining their comparative impact on the

874 environment, economy, and people.

875 The two main criteria used to define materiality were the importance of the topic to stakeholders and

876 the impact on the environment, people, and the economy. In three cases, the organizations

877 mentioned that they only classified a topic as material if they assessed that they effectively influenced

878 this topic. This was mainly the case where organizations considered that other organizations, for

879 example, another level of government, had more mandate to operate on this topic.

880 The difference between impacts, material topics, and Topic Standards was not always very clear,

881 which could indicate that these concepts are not necessarily well understood. For example, in one of

882 the sample reports, the content index mapped material topics different from those in the list of

883 material topics as part of the report. Another report listed impacts and explained the criteria used to

884 identify material topics but did not provide the list of final material topics. Instead, it used Topic

885 Standards as material topics in the content index. This reinforces the idea that the materiality

886 assessment is sometimes retrofitted, and the reports are more structured around the main strategic

887 documents than on a materiality assessment. This is, however, not necessarily specific to the public

888 sector.

889 In some reports analyzed, the materiality assessment is present, and the material topics are reported,

890 but this constitutes only a marginal part of the report. The reports go far beyond material related to

891 GRI reporting to include policy matters. This means that reporters' motivation to report and assess

892 what they want to include in the report is guided by other preoccupations than the sole materiality

893 assessment or the will to report with GRI. This sometimes creates a distortion: either they report on

894 policy matters using GRI Standards as a framework but do not apply (or apply very loosely) the

895 disclosures, or they create parallel reporting.

896 • Material topics

897 Most organizations listed material topics relevant to their external policy impact on the broader public

898 or the environment. The proportion of material topics focusing on these questions varied across

899 organizations. For example, one organization included only one such material topic ('Environmental

900 stewardship'). In contrast, another's material topics were all related to some extent to its

901 policy/regulatory impacts except for one titled 'Internal themes: fiscal and financial management,

902 departments and services management, environmental management, HR and care for the citizens'.

903 For the latter organization, it is clear that the reporting should first and foremost focus on its policies.

904 Interestingly, though there was no specific pattern in terms of material topics based on the type of

905 organization, this is more likely to result from adaptation to the reporting context than a lack of

906 homogeneity in reporting needs. For example, organizations publish separate reports or reports on

907 policy in the same report but in a different section.

908 We could not identify particular themes among policy/regulatory-focused material topics due to the

909 diversity of policy scopes covered by the organizations analyzed. For example, the themes of

910 environmental protection and public hygiene were predominant in a report where the core mission of

911 the reporter was to manage the environment. On the other hand, another reporter, whose role is to
912 manage the land of a specific jurisdiction, focused on issues related to affordable housing. Local
913 community engagement was also regularly listed as a material topic and treated as a policy/regulatory
914 topic by some and a business operation by others.

915 Other recurring material topics included themes related to public procurement, sustainable, socially
916 responsible supply chains, and reconciliation with indigenous people.

917 • Stakeholders

918 Two groups of stakeholders were common to all reporters in the sample: other government
919 institutions and public agencies and citizens/the broader public. Interestingly, senior management was
920 always mentioned as a key actor in the materiality assessment but was usually not referred to as
921 stakeholders.

922 • Standards used

923 *GRI 2* disclosures are implemented across the sample, although it must be noted that since the
924 publication of GRI Universal Standards 2021, reporters are required to use all *GRI 2* disclosures or to
925 report omissions. In comparison, organizations reporting with GRI Universal Standards 2016 left a
926 large swath of 102 disclosures unreported. We identified a small number of instances where reporting
927 did not match expectations for reasons that could be specific to the reporter's public sector status –
928 these are listed further below.

929 Table 3 below presents the number of organizations in the sample using each Topic Standard.
930 Omission is excluded (counted as 0).

931 **Table 3. Number of reporters by GRI Topic Standards out of the sample (n=10)**

GRI Topic Standard title	Number of reporters (at least one disclosure included)
GRI 403: Occupational Health and Safety 2018	9
GRI 201: Economic Performance 2016	8
GRI 404: Training and Education 2016	8
GRI 302: Energy 2016	7
GRI 306: Waste 2020	7
GRI 401: Employment 2016	7
GRI 405: Diversity and Equal Opportunity 2016	7
GRI 204: Procurement Practices 2016*	6
GRI 305: Emissions 2016	6

GRI 203: Indirect Economic Impacts 2016	5
GRI 205: Anti-corruption 2016	5
GRI 406: Non-discrimination 2016	5
GRI 303: Water and Effluents 2018	4
GRI 308: Supplier Environmental Assessment 2016*	4
GRI 413: Local Communities 2016	4
GRI 414: Supplier Social Assessment 2016*	4
GRI 408: Child Labor 2016	3
GRI 409: Forced or Compulsory Labor 2016	3
GRI 202: Market Presence 2016	2
GRI 301: Materials 2016	2
GRI 410: Security Practices 2016	2
GRI 411: Rights of Indigenous Peoples 2016	2
GRI 418: Customer Privacy 2016	2
GRI 206: Anti-competitive Behavior 2016	1
GRI 304: Biodiversity 2016	1
GRI 402: Labor/Management Relations 2016	1
GRI 407: Freedom of Association and Collective Bargaining 2016	1
GRI 417: Marketing and Labeling 2016	1
GRI 207: Tax 2019	0
GRI 415: Public Policy 2016	0
GRI 416: Customer Health and Safety 2016	0

932   * Reporting on procurement practices differs among reporters, with similar information being reported
933   as part of *GRI 204: Procurement Practice 2016* and *GRI 308: Supplier Environmental Assessment*
934   *2016* or *GRI 414: Supplier Social Assessment 2016*. In total, 7 of the reporters in the sample used at
935   least one of these standards.

936   This is only a partial representation of the reporting itself, although we do not believe it is specific to
937   PSOs, as there are deviations in the reporting. In some cases, items related to the standards were
938   reported separately and not listed in the content index. For example, eight reports included
939   disclosures on GHG emissions, but only six reporters did it as part of the *GRI 305: Emissions 2016*.

940 The two other reporters either used their own indicators or published a separate self-standing report
941 on their CO_2 emissions. Another example is a reporter who used only one Topic Standard (beyond
942 *GRI 2*), although it did report on themes covered by standards using its own disclosures (water
943 management and biodiversity). There were also cases where the disclosures of the standards were
944 applied loosely, or the information reported did not match the disclosure requirement, which resulted
945 in over-representing the use of these standards. This is the case, for example, for *GRI 204:*
946 *Procurement Practices 2016*. Multiple reporters used this standard to disclose their procurement
947 practices even if they were not in line with the unique disclosure, which relates to the proportion of
948 spending on local suppliers (for example, by describing their procurement rules without providing the
949 quantitative information requested in the disclosure). Other examples include *GRI 408: Child Labor*
950 *2016* and *GRI 409: Forced or Compulsory Labor 2016*, or *GRI 205: Anti-Corruption 2016,* for which
951 information disclosed often relates to commitment or policies in place instead of the requested
952 assessment of operations at risk or number of incidents of corruption. In this context, it is not
953 surprising that we observed clear overlaps in reporting between multiple standards, among which *GRI*
954 *401: Employment 2016* and Disclosures 2-7: Employees and 2-8: Workers who are not employees,
955 and as mentioned above, *GRI 204: Procurement Practices 2016*, *GRI 308: Supplier Environmental*
956 *Assessment 2016* and *GRI 414: Supplier Social Assessment 2016*.

957 In general, the conformity of the reporting to the requirements of the disclosures was uneven. In some
958 cases, information is reported in a different format from the one recommended in the disclosure (e.g.,
959 in real numbers instead of percentages or in a different unit). In others, it resulted in reporting only on
960 some disclosures of a specific standard but not others without providing reasons for omissions. This
961 was particularly the case for *GRI 306: Waste 2020* and *GRI 305: Emissions 2016*.

962 • Reporting on the three scopes of PSO impact: state of the environment, policy and regulatory
963 initiatives, and operational impacts

964 The reporters analyzed in this sample had different approaches to scoping, and we observed that
965 those with general government functions were experiencing the most challenges when reporting on
966 their policy outcomes. There is ongoing debate over the reasons behind this, particularly whether this
967 results from a lack of maturity and know-how in reporting or something that could be addressed
968 through the standards.

969 One reporter, with general government attributions, did not report on any of its policy/regulatory
970 impacts on purpose. Reporting on policy matters was out of scope because the reporter explained
971 that policy reporting (to parliament) was already part of its core function, so multiple sources existed
972 to describe and monitor its policy achievements. In addition, double-reporting, i.e., reporting twice on
973 the same item, is specifically prohibited by their internal rules. This also means that other non-policy
974 topics already reported elsewhere (such as employment-related disclosures) are excluded from their
975 GRI reporting.

976 Three state-owned enterprises were in the sample, and none reported on related policy matters, even
977 though policy-adjacent themes were part of their material topic (e.g., environmental stewardship). In

978 these cases, reporters seemed to consider that there was a higher bar of transparency and
979 exemplarity expected from them due to their state-owned status, but this did not translate into any
980 policy reporting.

981 The rest of the sample (national agencies, funding agencies, municipalities, provinces/states) all
982 reported on their policy impact to some extent.

983 As expected, the entities with general government functions, such as municipalities and
984 provinces/states, reported the most on these topics but with different approaches. In two cases, the
985 GRI report is separate from the rest of the report, either as an annex or a final 'technical chapter'. In
986 one of these reports, the main body focuses on descriptions of policies and initiatives, as well as
987 contextual information, such as economic or social statistics, based on the organization's action plan
988 or main strategic documents. It is followed by an annex dedicated to GRI reporting. In its materiality
989 assessment, this organization acknowledges the difference between what it considers to be its
990 'external' impact, which relates to policy and regulatory action, and its 'impact', which relates to its
991 own business operations. In both instances, GRI reporting does bring additional and useful
992 information to the report, but it seems conceptually separate and ill-fitted in the rest of the report. In
993 one case, GRI reporting is fully integrated into the report of a general government organization.
994 However, the report focuses on the policy level detailing initiatives and policy implementation,
995 specifically on performance and renewed commitment to the policy items.

996 For public agencies, policy reporting is present but less central in sustainability reporting. This might
997 be a consequence of the fact that their missions are linked to the implementation of the policies rather
998 than their design (as is the case for general government) or that their leadership is impacted by
999 electoral changes to a lesser extent. In this case, issues of interpretation of the scope in the
1000 application of GRI Standards were visible, although the majority of the standards were applied as
1001 intended or in a similar way a private sector organization might apply them.

1002 • Public sector-specific challenges of implementation of GRI disclosures

1003 Some of the GRI disclosures appear particularly prone to create difficulties in reporting due to the
1004 public sector status of the organization or the fact that it has policy or regulatory powers. There is
1005 ongoing debate over the reasons for these challenges, some pointing at the potential to improve the
1006 standards to make them more accessible to public sector reporters, while others put it down to the
1007 lack of expertise of reporters when using the existing standards.

1008 *GRI 2: General Disclosure*, **Disclosures 2-19 Remuneration policies and 2-20 Process for**
1009 **determining remuneration**: Four reporters reported omission related to the fact that the
1010 remuneration policy is not set by the organization itself but by a higher governance body (either by
1011 law or by parent government department). Only two organizations reported quantitative information as
1012 required by the disclosure. The remaining four organizations were GRI Universal Standards 2016
1013 users and did not report any information on this topic. Other instances of reporting on the legal
1014 framework instead of quantitative information were found among the topic disclosures discussed
1015 below.

GRI 2: General Disclosure, **Disclosure 2-27 Compliance with laws and regulations**: One reporter misunderstood the disclosure, which requires reporting on instances of non-compliance on the part of the reporting organization itself. Instead, it reported on instances of control for non-compliance of individuals/companies with laws and regulations related to sustainability. In other words, this reports on their regulatory role, not on the province's breach of laws and regulations.

GRI 201: Economic Performance 2016, **and specifically Disclosure 201-2 Financial implications and other risks and opportunities due to climate change:** In one of the reports analyzed, the Content Index refers to a part of the report that describes the mechanisms and initiatives in place to assess risks and opportunities related to climate change but does not list the actual risks and opportunities nor account for their financial implications (as requested in the disclosure). In other words, this is policy reporting. Interestingly, they do report on risks related to climate change elsewhere as part of an introductory section where they map the main challenges in the region,

GRI 203: Indirect Economic Impacts 2016, **specifically Disclosure 203-1 Infrastructure investments and services supported**: This disclosure relates to the organization's collateral impact on infrastructure investments and services supported as part of its core activity. However, these are core activities for reporters such as general governments or public agencies for whom this is part of their mandate. In this case, it results in policy/regulatory reporting and description of initiatives in this domain.

GRI 306: Waste 2020, GRI 303: Water and Effluents 2018 and *GRI 305: Emissions 2016*: For these three standards, there were instances of reporting at the organization and jurisdiction levels within the same report and with common reference in the content index. In some cases, it was unclear whether the organization intended to report on its business operations or jurisdiction, which can cause misunderstandings.

GRI 408: Child Labor 2016 and *GRI 409: Forced or Compulsory Labor 2016*: One of the general government reporters in the sample described the activities and committees within its jurisdiction dedicated to eradicating forced or compulsory labor. The disclosure, however, requires reporting on instances of forced labor within the organization itself.

GRI 413: Local Communities 2016: This standard was used by multiple reporters in the sample to show their actions in relation to citizen consultation or deliberative democracy. As consultation is a core principle of government in many places, this resulted in over-reporting as a majority of the external activities/policies designed or implemented by the organization would have been the object of consultation. In this case, the standard loses its relevance.

- Use of the SDGs in reporting

Out of 70 reports (GRI and not GRI) we collected from PSOs, 61% (48 reports) mentioned the SDGs. Among the GRI reports, 58% mentioned the SDGs, meaning many reporters opt for reporting on both aspects simultaneously. The extent to which the SDGs are used in reporting varies across reports, from simply mentioning SDGs as guiding principles for developing strategy and policies to complete

1053 SDG-based reporting. In its most advanced form, SDG reporting takes the shape of VLRs. There is a
1054 visible enthusiasm and interest for SDG reporting among public sector reporters, including reporters
1055 with GRI.

1056 Only two reports did not mention the SDGs in the sample of 10 GRI reports we analyzed. The
1057 remaining reports used the SDGs as an analytical framework or main reference in terms of
1058 sustainability. Strikingly, the SDGs appear to be a more appropriate tool for reporting on policy
1059 initiatives than the GRI Standards. In seven reports analyzed, the material topics and the report's
1060 main sections were mapped against the SDGs, and reporting generally also covered policy initiatives
1061 alongside information relative to GRI Standards disclosures. In the last case, a section of the report
1062 was dedicated to showing the contribution of the organization's activity to the SDGs. In addition, the
1063 SDGs' visuals are used to reinforce the connection between activities and SDGs in a majority of
1064 reports.

1065 An interviewee mentioned that SDGs are a key reference within their organization and even talked
1066 about the 'SDG language' that was shared across departments that otherwise tend to work in silos
1067 and for which creating a shared understanding can sometimes be a challenge. They regretted that the
1068 GRI Standards were not sufficiently connected to the SDGs to allow them to build on this common
1069 language. In this case, a more obvious connection between GRI Standards and SDGs would
1070 contribute to securing staff adherence to the reporting, as well as simplifying and improving data
1071 collection. When asked about the usefulness of the SDG-GRI mapping document available on GRI's
1072 website, this interviewee mentioned that even though it was a step in the right direction, having
1073 separate reference documents added to the reporting burden, which was already high. They also
1074 mentioned that they would have liked to feature the SDGs more prominently in the report but that the
1075 additional efforts required to do so comprehensively were not proportionate to the limited size and
1076 resources of the reporting team.

1077 Among the seven reports referring to the SDGs, we found one example of an organization publishing
1078 both a management report using GRI and a VLR report for the same year: the province of Córdoba in
1079 Argentina. This example, further detailed in Box 1 below, shows the complementarity of the two
1080 frameworks in the context of public sector reporting but also highlights areas of overlaps that are likely
1081 to increase the reporting burden and, in turn, could decrease the perceived relevance of GRI
1082 Standards.

1083 The United Nations Global Compact was also mentioned as a reference by multiple reporters, but not
1084 to the extent that the SDGs are referenced.

1085 Two reports out of 10 extensively used other reporting frameworks, namely SASB, CDP, and TCFD.
1086 In addition, some reporters used other frameworks or indicators for specific questions, such as GHG
1087 emissions (GHG Protocol Corporate Accounting, Reporting Standard from the World Business
1088 Council for Sustainable Development and World Resources Institute, ISO 1464-1: 2006).

1089 In addition, they complied with local monitoring tools or reported with reference to local laws.

Box 1: Comparison of the VLR and GRI report of the Province of Córdoba

We found one example of an organization publishing both a management report using GRI and a VLR report for the same year: the province of Córdoba in Argentina. Despite being separate reports, their content and ambition overlap with the commitment to the Agenda 2030 and individual SDGs being heavily referenced in the management report. The VLR report explains how the management report structure is based on the main government priorities, themselves based on the SDGs, making the report a 'dissemination tool for the monitoring of public policies in pursuit of the global framework for sustainable development proposed by the 2030 Agenda'.

However, the management report retains its own function, particularly through the GRI reporting, which is described as 'unifying [organizations]' communication on the impact of their activities in the social, economic, and environmental spheres'. The main overlaps between the two reports concern information such as governance structure, partners and stakeholders landscape, description of the organization's strategy, or contextual information (which falls into the scope of *GRI 2* as part of a GRI reporting). This type of information forms the main content of the management report, while GRI reporting relating to other standards is confined to a technical annex surrounding the GRI index. In contrast, this information and the policy reporting on the implementation of the SDGs are both integral parts of the VLR report.

This also highlights that beyond their common contextual information reporting, the reports have, in principle, distinct reporting scopes. The VLR report focuses on policy reporting, while the management report focuses on organizational impact. However, in practice, we noted attempts to fit policy reporting into GRI Standards in the management report. For example, in Disclosure 203-2 on Indirect economic impact, the province reported on two initiatives to provide food and heating to specific population groups, and in *GRI 408: Child Labor,* it reported on policies and programs aimed at eradicating child labor within society.

This example illustrates the complementarity of the two types of reporting but also highlights two challenges. The first challenge relates to the lesser understanding of the GRI reporting compared to the VLR, likely due to a higher level of familiarity with the SDGs, which are fully integrated into the day-to-day policy work of the organization. Comparatively, there is a poorer understanding of the scope of GRI Standards when it comes to reporting, and lower prominence is given to GRI reporting. The second challenge relates to a high reporting burden put on the organization, which currently prepares two reports for similar – although not identical - purposes and with a significant level of content overlap. Combined with the challenge of familiarity with the framework mentioned above, this could result in a loss of interest in GRI reporting and a progressive interruption of its reporting in PSOs. An important avenue to preserve the relevance of GRI Standards would be to highlight its relevance to the SDGs and provide practical solutions to allow a more integrated form of reporting on SDGs and GRI Standards.

Conclusions and recommendations

Conclusions

GRI Standards, although applicable to organizations across various sectors, demonstrate a lower adoption rate within the public sector compared to the private sector. Given the weight of the public sector in modern economies and the significant impacts it generates, the lack of sustainability reporting can represent a crucial gap.

Debates persist regarding the suitability of GRI Standards for reporting on policy within the public sector. Some argue that GRI Standards adequately cover all relevant scopes for PSOs, highlighting challenges stemming from a lack of expertise in effectively utilizing these standards. This issue of immaturity within the public sector has been noted in literature since the late 2000s. However, the lack of progress in addressing these challenges suggests that sustainability reporting within the public sector may not gain momentum without engaging PSOs and aligning the standards with their unique needs and approaches.

The primary challenge of sustainability reporting within the public sector lies in its unique ability to formulate and enforce regulations and policies, thereby influencing the behavior of regulated entities. Many PSOs must recognize the material impacts of their policies and regulations alongside their operational impacts, such as those stemming from their role as employers or energy consumers. An analysis of reports indicates that PSO reporters generally understand the distinction between setting regulations and leading by example in their operational activities. However, some struggle to integrate policy and regulatory reporting within the GRI Standards framework. This reveals practical challenges in delineating between these scopes and organizing relevant information cohesively within a single report.

Furthermore, PSOs are typically held accountable to stakeholders through established mechanisms such as elections or reporting to governmental bodies. In many cases, this reporting focuses on PSOs' performance in implementing policies on behalf of stakeholders.

Analysis of reports also showed that PSOs use different terminology to discuss performance; the terms 'value chain', 'value creation', or 'business relationships' are not only inappropriate to the public sector context but can also act as a deterrent to convince internal (managers) and external (account-holders) stakeholders to adopt GRI reporting.

Addressing the challenges PSOs face in using GRI Standards requires clarifying the scope of reporting and recommending complementary frameworks for policy and regulatory impacts. Additionally, explaining how certain terms apply to the public sector could mitigate terminology-related issues.

While GRI Public Sector Supplement [2] offers a blueprint for public sector impact reporting, its incomplete implementation has spurred the development of alternative frameworks by organizations,

1125 such as public universities. Recent reports, such as Adams [3], propose frameworks distinct from

1126 GRI's approach, serving as valuable references for informing future iterations of GRI Standards.

1127 While GRI Standards acknowledge the existence of public sector entities, they have refrained from

1128 explicitly addressing this sector, except where relevant in sector-specific standards and the

1129 discontinued Public Sector Supplement. Consequently, certain reporting needs of PSOs remain only

1130 partially met by GRI Standards.

1131 In parallel, PSOs have adopted various reporting forms, including financial reports, environmental

1132 reports, sustainable policy reports, and reports aligned with the Sustainable Development Goals

1133 (SDGs). Some PSOs have transitioned from GRI reporting to SDG-based reporting, while others are

1134 considering reporting with the European Sustainability Reporting Standards (ESRS).

1135 Recommendations

1136 Based on the analysis above, we formulate five recommendations that can be implemented

1137 separately but which also have synergies and dependencies that may need to be considered.

1138 1. Consider the public sector perspective in developing all GRI
1139 Standards and other GRI activities.

1140 Considering the weight of the public sector in the modern economy and the number of potential GRI

1141 reporters within the public sector, we recommend increasing the effort to ensure appropriate

1142 consideration of the needs of PSOs in developing and revising standards and related products like the

1143 XBRL taxonomy. This could include representatives of the public sector in working groups or technical

1144 committees, ensuring that the terminology used applies to the public sector context, or seeking

1145 comments from PSOs on standards' drafts. This has recently been implemented in the project to

1146 renew the GRI Topic Standards on Economic Impacts, where a member from IPSASB has joined the

1147 working group.

1148 We recommend broadening GRI's 'business enterprises' reporter constituency to include PSOs and

1149 changing the constituency name to better reflect its expanded scope. Another option, already under

1150 discussion, would be to create a new constituency solely dedicated to PSOs, acting as both a reporter

1151 constituency alongside business enterprises and as a representative of governments and legislators.

1152 More specific recommendations concern the review of standards or disclosures that appear

1153 challenging or misunderstood by PSOs. These include: GRI 2-3 Governance, *GRI 201: Economic

1154 Performance 2016*, *GRI 203: Indirect Economic Impacts 2016*, and specifically 203-1 Infrastructure

1155 investments and services supported, *GRI 204: Procurement Practices 2016*, in conjunction with *GRI

1156 308: Supplier Environmental Assessment 2016* and *GRI 414: Supplier Social Assessment 2016*, *GRI

1157 205: Anti-corruption 2016*, and *GRI 413: Local Communities 2016*.

1158 Please refer to sections II.B.2 and II.C.2 for a description of these issues. For the Sector Standards,

1159 we develop our recommendations below.

2. Develop a Sector Standard for the public sector focusing on general government

We recommend creating a Sector Standard for the general government and its components: central government, state government, and local government, as well as the agencies depending directly on them. We observed that these organizations share similarities in their approach to reporting, including the challenges of reporting simultaneously on their operational activities and policy outcomes. A standard for the public sector should offer specific guidance on how to distinguish between them.

The development of such a standard could build on the now-retired GRI Public Sector Supplement [2], taking into account where relevant the conclusions of its implementation assessment [4], as well as the framework proposed by Adams [3].

A general government Sector Standard could deviate from other Sector Standards in terms of scope and content and may require a slightly different approach. The preparation phase should also include an assessment of the target organization's demand for such a standard and possibly activities to raise awareness and facilitate adoption (see recommendation number 5).

3. Develop Sector Standards for industries where the public sector is predominant

The public sector contributes to multiple areas of the economy beyond general government functions. It is predominant in areas such as defense, public order, or social protection, where the involvement of the private sector is limited – making these industries quasi-unique to the public sector. In some areas, such as health, education, or utilities, the public sector is not uniquely positioned but remains highly prevalent.

Health and education services are among the sectors expected to have a GRI Sector Standard developed. Significant attention be devoted to these standards to the specific needs and circumstances of the public sector. We recommend that other activities dominated by the public sector, such as defense, public order, or social protection, could also be considered for a Sector Standard at a later stage.

4. Encourage policy and regulatory reporting in conjunction with operational impact reporting

GRI could provide guidance to distinguish the impacts caused by policies and regulations and those caused by the organization´s own activities and encourage combined reporting, which would use GRI standards for the operational side and another existing framework for the policy aspect. Such guidance and recommendations can be implemented parallel or in advance of the Sector Standards recommended in the previous point.

More research would be necessary to better understand how this relates to policy monitoring and evaluation, an area in which public agencies, and particularly local authorities, increasingly rely on the Sustainable Development Goals (SDG) as a reporting and evaluation framework. Some GRI reporters

1196 in the public sector already integrate the SDGs in their reporting, and the goals provide a helpful and
1197 much-needed framework for them to report on their policy impacts alongside their operational
1198 impacts. We recommend facilitating the integration of GRI Standards with the SDGs as a compatible
1199 framework to report on their policies.

1200 In practice, we recommend that GRI raises awareness among PSOs on the connectivity of the two
1201 frameworks and suggests combined reporting for organizations willing to engage in policy reporting.
1202 In addition, GRI should refine the current mapping of SDGs and GRI Standards to the specific needs
1203 of PSOs. This includes highlighting their different purposes and complementarity in the context of
1204 organizations with policy and regulatory competencies, avoiding any impression that the SDGs are
1205 part of GRI Standards.

1206 As part of any of the suggestions above, GRI should be conscious of the 2030 deadline for the
1207 implementation of the SDGs and seek to engage as much as possible with UN partners to gain an
1208 understanding of how integration could continue beyond this deadline.

1209 5. Increase engagement with the public sector

1210 Beyond the development of the standards, we recommend that GRI increase its engagement with the
1211 public sector through the provision of services to reporters.

1212 GRI could target PSOs in its communication to challenge the persistent perception that the Standards
1213 are primarily designed for the private sector and raise awareness of their relevance to the public
1214 sector.

1215 GRI should also build capacity and know-how within the public sector, for example, by creating course
1216 materials dedicated to PSOs as part of the GRI Academy or providing specific support services.

Glossary

1217

1218   ACCA: Association of Chartered Certified Accountants

1219   CIPFA: Chartered Institute of Public Finance and Accountancy

1220   COFOG: Classification of the Functions of Government

1221   GFS: Government Function Statistics

1222   GSSB: Global Sustainability Standards Board

1223   IMF: International Monetary Fund

1224   IPSASB: International Public Sector Accounting Standards Board

1225   OECD: Organization for Economic Cooperation and Development

1226   PRI: Principles for Responsible Reporting

1227   PSO: Public Sector Organization

1228   SDG: Sustainable Development Goals

1229   SNA: System of National Accounts

1230   UN: United Nations

1231   UNSD: United Nations Statistical Division

1232   VLR: Voluntary Local Review

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Annex 1 – List of sustainability reporting policies identified

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1236 Sustainability reporting policies and regulations were identified through desk research, building on Adams [3], which looked at English-speaking regulations

1237 for sustainability reporting in five jurisdictions. Regulations and policies were identified through a literature review, completed by additional web search using

1238 keywords such as 'sustainability regulation' and the name of the jurisdiction. This list is non-exhaustive.

Country	Guidance of legal framework	Year of publication	Concerned entities	Reference to GRI	Voluntary/mandatory
Italy	GBS guidelines (Gruppo di Studio per il Bilancio Sociale) 2005	2005	Organizations such as ministries, schools, universities, regions, provinces, municipalities (and their associations), institutes for public housing, chambers of commerce, national and local non-economic public agencies, and public health care organizations	no	voluntary
	Directive on social reporting in public administrations ('Baccini directive') from the Ministry of the Public Function (2006)	2006	Public administrations	no	voluntary
	Guidelines for local authorities (Interior Ministry 2007)	2007	Local authorities	no	voluntary

Spain	Article 35 of Sustainable Economy Law 2011	2011	State-owned companies	no but refers to 'commonly accepted international standards'	mandatory
France	Application bill (circulaire) regarding the situation of sustainable development in local authorities. 3 August 2011	2011	Local authorities	no	mandatory
	Guidance for the implementation of a social responsibility and reporting approach in public sector organizations	2016	Public sector organizations, including state-owned enterprises	yes	voluntary
	Loi Grenelle 2	2010	Businesses of more than 500 employees including state-owned companies	no	mandatory
Sweden	Guidelines for external reporting by State-owned companies	2001?	State-owned companies	yes, 'or some other international framework for sustainability reporting'	mandatory
Chile	Código SEP	2008	State-owned companies	yes	Unclear, likely voluntary
UK	Sustainability reporting guidance 2022 to 2023 from HM Treasury	2021	Central government departments and their agencies	yes but very limited - the document lays	mandatory (+ some voluntary)

				out its own reporting standards	
	Reporting requirements 2021-2025 as part of Greening Government Commitments (GGC)	_	Central government: 'office; non-office estate and operations of UK central government departments and their executive agencies (EAs); non-ministerial departments (NMDs); and non-departmental public bodies (NDPBs)'	no	mandatory
New Zealand	Environmental Reporting Act 2014	2014	Central government	no	Unclear, likely mandatory
	The living standard framework	reviewed in 2021	Central government?	no	Unclear, likely mandatory
	Carbon Neutral Government program	2022	Central government (all departments, departmental agencies and the executive branch will report on their emissions, gross emissions reduction targets and reduction plans from the 21/22 financial year onwards; all Crown agents are to report their emissions, gross emissions reduction targets and reduction plans from the 2022/23 financial year onwards.)	no	Unclear, likely mandatory
Australia	Annual reporting reform 2022 discussion paper from NSW Treasury				
	A framework for public environmental Reporting. An Australian approach	2000	Both private and public sector entities	yes	
	Workplace Gender Equality Act 2012	2012	Public sector including states and territories	no	Unclear, likely mandatory

	Public environmental guidelines from Victoria State government department of Health and Human Services	2017	Public health services in the state of Victoria	no	mandatory
	Financial reporting directions (non-financial directions)	2005	Federal department and government bodies, as well as state-owned corporations. Some exclusion rules, for example universities and public health services are explicitly excluded from some directions	no	mandatory
Hong Kong	The act was referenced in previous publication but we were not able to identify it ('under a directive approved in 1999, all public agencies in Hong Kong (all government departments, bureaus, and government-owned organizations) must produce an annual environment performance report' - GRI public agency resource document, 2004)	1999	Public agencies (all government departments, bureaus, and government-owned organizations)	unclear	mandatory
Canada	Federal Sustainable Development Act 2008	2008	Public agencies: central government at federal level, including ministries and agencies	no	mandatory
	1995 amendment to the Auditor General Act	2008	Public agencies: central government at federal level, including ministries and agencies	_	mandatory

Finland	Guidelines for sustainability reporting in central government	2021	Central government organizations: ministries, agencies and institutions	unclear - most likely not	voluntary
India	Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises	2014	State-owned enterprises	no	mandatory
Global	OECD Guidelines on Corporate Governance of State-Owned Enterprises	2005, updated in 2015	State-owned enterprises		
EU	Non-Financial Related Directive (NFRD)	2014 (applicable until CSRD comes into force)	Large, 'public interest' entities - definition varies across member state but in most case, this includes state-owned enterprises	no	depends on member states transposition

Annex 2 – Methodology of the qualitative analysis of GRI reports from PSOs

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Sample

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1243 A sample of ten reports from PSOs was drawn to conduct an in-depth analysis of public sector
1244 reporting. The list of reports available in CRM was initially used as a sampling frame. However, it
1245 became apparent that the profiles of the reporting organizations on this list were too similar to
1246 represent the diversity of the public sector fairly. As a result, manual search helped us identify
1247 additional reports, some of which were used in the sample.

1248 Four of the ten reports used *GRI 1: Foundation 2016*, while the other used *GRI 1: Foundation 2021*[8],
1249 and none used the Public Sector Supplement from 2005. However, one report from a Public Agency
1250 in charge of land development used the construction and real estate supplement from 2011.

1251 The criteria for selection in the sample were the following:

1252 - Use of GRI: all the reports follow GRI

1253 - Language: only reports in English, Spanish, Dutch, and French were considered due to the
1254   linguistic skills of researchers

1255 - Publication year: newer reports were prioritized over older ones

1256 - Geography: we tried to get a diverse representation of the world regions; however, we were
1257   not able to identify reports from PSOs in Africa that also matched other criteria for selection.

1258 - Type of organizations: while the majority of the Public Agencies from the CRM list were
1259   SOEs, we also sought to integrate central governments (at different levels) and public
1260   agencies. While we identified reports from hospitals and universities that matched other
1261   selection criteria, we chose to deprioritize them in the sample selection as their public status
1262   was difficult to ascertain.

1263 The resulting sample is presented below.

[8] *GRI 1: Foundation 2021* came into force on 1 January 2023, which means that only reports published after this date could use it.

Organization name and country	Report title	Year	GRI reference	Type of organization
Canada Post Corporation (Canada)	2022 Sustainability Report and 2022 ESG Data Supplement	2022	GRI 1: Foundation 2021	State-Owned Enterprise (Federal/National level)
National Environment Agency (Singapore)	Building a sustainable future together, Annual & Sustainability Report 2022/2023	2023	GRI 1: Foundation 2021	Public agency (Federal/National level)
Casa de Moneda (Argentina)	Reporte de Sustentabilidad 2023	2023	GRI 1: Foundation 2021	Public Agency/ State-Owned Enterprise (Federal/National level)
DevelopmentWA (Western Australia – Australia)	Shaping our State's future, Annual and Sustainability Report 2019-2020	2020	GRI 1: Foundation 2016	Public Agency (State/Province level)
Ministry of Infrastructures and Waterways (the Netherlands)	Duurzaamheidsverslag 2022	2022	GRI 1: Foundation 2016	General government department (Federal/National level)
Local Government Funding Agency (New-Zealand)	Benefiting communities through delivering efficient financing for local government, Annual Report	2023	GRI 1 Foundation: 2016 (core option)	Public Agency
Municipality of Medellín (Colombia)	Informe de Gestión, plan de Desarrollo 2016-2019, Medellín cuenta con vos	2019	GRI 1 Foundation: 2016 (core option)	General government (local level)
Provincia de Córdoba (Argentina)	CORDOBA Memoria de Gestión 2022	2022	GRI 1 Foundation: 2021 (in accordance)	General government (State/Province level)
RISE, Research Institutes of Sweden (Sweden)	Annual Report and Sustainability Report 2022	2022	GRI 1 Foundation: 2021 (in accordance)	State-Owned Enterprise
Service Public de Wallonie (Wallonia, Belgium)	Rapport de Responsabilité Sociétale, Rapport integral 2020-2022	2023	GRI 1 Foundation: 2021 (in accordance)	General government (State/Province level

Approach to analysis

The analysis of the report was done by manually referencing their content against a series of questions related to themes identified through desk research and scoping interviews. The main research question of this analysis was, 'How do public sector reporters currently report using GRI?'. The main purpose was to understand how GRI Standards (or, if relevant, former guidelines) were used, identify standards that were particularly used (quantitative assessment), and assess whether they were used as intended (qualitative assessment). Two purposes were identified:

- Whether the current GRI Standards are fit for purpose for PSOs. This is the primary purpose.

- Whether there are apparent gaps in GRI's reporting system either in terms of methodology (as described in GRI 1) or in terms of availability of standards for likely material topics. This is a *desirable (secondary)* purpose.

First, we referenced the content indexes against GRI Standards. In the case of the four reports based on *GRI 1: Foundation 2016*, we used GRI's publicly available mapping of the 2016 and 2021 standards [51]. We then conducted a further analysis of the content of the report.

As GRI reports are structured documents, the analysis followed a line of pre-set questions instead of proceeding with a thematical approach. The results were summarized using an Excel spreadsheet before being summarized in the present report.

Complementary interviews were conducted with representatives of two organizations whose reports were part of the sample.