



Item 01 – GRI Topic Standard Project for Economic Impact – Proposed framework for discussion

For GSSB Discussion

Date	31 March 2023
Meeting	20 April 2023
Project	GRI Topic Standard Project for Economic Impact
Description	<p>This document presents the background and proposed technical framework for the GRI Economic disclosures revision. In preparation for the GSSB meeting in April 2023, we invite the GSSB to review this discussion document and provide the following:</p> <ol style="list-style-type: none">1) Observation(s) on the framework proposed.2) Recommendation(s) on the priority areas for inclusion.3) Recommendation(s) on key stakeholders for engagement.

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1. Background

The GSSB Work Program 2023-2025 (pending final approval) includes a schedule of priority standards for review in 2023. These standards were selected based on stakeholder feedback and consideration of national and international developments. The GRI economic disclosures were identified for review based primarily on feedback received from public consultation and GSSB member inputs in 2022. The disclosures include but are not limited to *GRI 201: Economic Performance*, *GRI 202: Market Presence*, and *GRI 203: Indirect Economic Impacts*. The feedback indicated that disclosures in *GRI 201*, *GRI 202*, and *GRI 203* are unclear, in certain instances outdated, and inconsistently interpreted and would benefit from a thorough content review.

This revision builds on the project initially proposed in the GSSB [Work Program](#) 2017-2019.

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

The UN Guiding Principles on Business and Human Rights¹, OECD Guidelines for Multinational Enterprises², and UN Conference on Trade and Development (UNCTAD)³ set out a clear expectation for businesses to take responsibility not only for impacts they cause directly but also those they contribute to or are linked to through their business relationships. However, in the context of GRI's economic disclosures, organizations are expected to report not only on their direct impacts on the economy but also on those they are linked to, for example, through their supplier relationships and local communities.

¹ United Nations (UN), 'Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework', 2011.

² Organization for Economic Co-operation and Development (OECD), OECD Guidelines for Multinational Enterprises, 2011.

³ United Nations Conference on Trade and Development (UNCTAD), 'Guidance on Core Indicators for Sustainability and SDG Impact Reporting', 2022.

2. Input requested from the GSSB

In order to move ahead with the proposed revision of *GRI 201: Economic Performance*, *GRI 202: Market Presence*, and *GRI 203: Indirect Economic Impacts*, there are two distinct areas where the GSSB is requested to provide inputs:

- 1. The proposed technical framework:** The GSSB is requested to submit their observations on the proposed framework and its content as developed by the GRI Topic Standards Team (see below), including observations regarding the suitability and relevance of (a) the overarching themes proposed; (b) the indicators and impact channels proposed; (c) gaps in the existing framework and (d) The authoritative intergovernmental instruments and frameworks referenced.
- 2. The priority areas for consideration:** The GSSB is requested to submit its recommendations on the prioritization of overarching themes, impact channels, and indicators for consideration.
- 3. Key stakeholders for engagement:** The GSSB is requested to submit their recommendations for key stakeholders for engagement in this project.
- 4. Expanding the scope of the review:** The GSSB is requested to determine whether the scope of this project should also consider (in addition to *GRI 201*, *GRI 202*, and *GRI 203*) the related disclosures in *GRI 204: Procurement*, *GRI 205: Anti-Corruption*, and *GRI 206: Anti-Competitive Behaviour*.

22 3. Technical discussion

23 As noted above, the following inputs are intended to inform further discussion on the proposed
 24 revision of GRI economic disclosures.

Table 1: Framework for reporting economic impact

Theme	Description	Impact channel
Goods and services	Economic impacts that can be directly attributed to consumption of an organization's goods and services	<ul style="list-style-type: none"> • Consumer access to goods and services • Usage of goods and services
Distributed value	Economic impact of monetary and non-monetary flows of value involving an organization	<ul style="list-style-type: none"> • Payments distributed • Payments received
Job creation	Economic impact of an organization's operations on job creation	<ul style="list-style-type: none"> • Number of jobs created • Type of jobs created • Quality of jobs created
Economic governance	Impact of an organization's activities and actions on market mechanisms, economic relations, and economic policy	<ul style="list-style-type: none"> • Lobbying • Alignment with local development policy • Corruption
Economic multiplier	Secondary effects of a company's activities that ripple through the economy	<ul style="list-style-type: none"> • Research and development • Innovation • Spending • Infrastructure investments and services supported

25 **Goods and services**

26 a. **Rationale**

27 i. Consumption of an organization's goods and services has a potentially large impact (positive
28 and negative) on the economy.

29 ii. The ability of stakeholders to access and use these goods and services, particularly
30 disadvantaged groups, to satisfy key needs can have an impact on stakeholder well-being
31 and longer-term productive capacity.

32 b. **Impact channels**

33 i. Type of goods and services provided.

34 ii. Pricing of goods and services.

35 iii. Level of access and usage of goods and services by local market/communities.

36 c. **Questions**

37 i. Would this theme be better positioned elsewhere? i.e., not specific to economic impact?

38 ii. If retained under the economic impact topic, (a) advise if the proposed impact channels are
39 correct and (b) advise if any gaps exist.

40 **Distributed value**

41 a. **Rationale**

42 i. *GRI 201: Economic Performance* is one of the most widely reported Topic Standards.

43 ii. The value generated, received, and distributed can have an impact on the fiscus and
44 spending power of stakeholders.

45 iii. Provides a framework or context to consider other standards (e.g., labor, tax).

46 b. **Impact channels**

47 i. The value generated and received (sales revenue, interest income, government subsidies,
48 and transfers)

49 ii. The value distributed (payments to government and suppliers, worker compensation, green
50 investment, community investment)

51 c. **Questions**

- 52 i. Is the impact on the economy and sustainable development clear enough?
- 53 ii. How can the current approach in *GRI 201-1* be refined?
- 54 iii. Which impact channels should be prioritized?

55 **Job creation**

56 a. **Rationale**

- 57 i. The creation of inclusive and sustainable jobs can result in direct and indirect impacts on the
58 economy.

59 b. **Impact channels**

- 60 i. Number of jobs created (own operations, along the supply chain).
- 61 ii. Location of jobs created.
- 62 iii. Nature of jobs created (permanent/temporary roles).
- 63 iv. Profile of employees/workers (age, gender, vulnerability status).

64 c. **Questions**

- 65 i. Should this be considered part of labor?
- 66 ii. What are core indicators or impact channels?
- 67 iii. Should we consider workers in addition to employees?
- 68 iv. Should benefit plan obligations and other retirement plans still be considered here?

69 **Economic governance**

70 a. **Rationale**

- 71 i. The creation of inclusive and sustainable jobs can result in direct and indirect impacts on the
72 economy.

73 b. **Impact channels**

- 74 i. Alignment with local development policy.
- 75 ii. Lobbying.

76 iii. Corruption.

77 **c. Questions**

78 i. Do existing standards sufficiently cover these impact channels?

79 **Economic multiplier**

80 **a. Rationale**

81 i. An organization can generate indirect and long-term economic impacts through its operations
82 or activities that affect the broader economy beyond its direct impact.

83 ii. This impact is characterized by the ability to generate economic growth and development by
84 spurring investment, creating jobs, and stimulating entrepreneurship and innovation in local
85 communities.

86 **b. Impact channels**

87 i. Size, cost, and duration of each significant infrastructure investment or service supported.

88 ii. The extent to which different communities or local economies are impacted by the
89 organization's infrastructure investments and services supported.

90 **c. Questions**

91 i. Is this better covered as externalities?

92 ii. How many tiers along the value chain should be considered?

93 iii. Should indirect job creation be included here?

94 iv. How should innovation and R&D be reported?