



Project:	Sustainability Reporting	Meeting:	AASB November 2023 (M200)
Topic:	Update on GRI and IPSASB perspectives	Agenda Item:	12.2
		Date:	13 November 2023
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		Decision-Making:	-
		Project Status:	-

Objective

- 1 The objective of this paper is to inform Board members of developments in sustainability reporting undertaken by the Global Reporting Initiative's (GRI) standard-setting body the Global Sustainability Standards Board (GSSB) and the International Public Sector Accounting Standards Board (IPSASB).
- 2 This paper is for information purposes only and does not ask the Board to make any decisions.

Structure

- 3 This paper is structured as follows:
 - (a) Background (paragraphs 4)
 - (b) Update on GSSB meetings (paragraphs 5 to 40)
 - (c) Update on IPSASB's Climate-Related Disclosures project (paragraphs 41 to 46)
 - (d) Question to the Board members

Background

- 4 The Board is provided with an update on the sustainability reporting-related activities of the GSSB and the IPSASB at each meeting.¹ This paper provides an update since the Board's meeting in September 2023.

Update on GSSB meetings

GSSB meeting held on 20 July 2023

¹ For details on the last update provided to the Board, see September 2023 (M198) Agenda Paper 12.2 Staff Paper: *Sustainability Reporting: Update on GRI and IPSASB perspectives [Board only]*.

5 Paragraphs 6 –11 summarises the decisions made at the July 2023 GSSB meeting.²

Sector Standards for Financial Services

6 The GSSB approved the membership of the following three technical committees responsible for providing advice on the development of three financial services sector standards:

- (a) Proposed members for Banking Technical Committee
- (b) Proposed members for Capital Markets Technical Committee
- (c) Proposed members for Insurance Technical Committee

7 The GSSB expects to publish relevant exposure drafts for public comment in Q4 2024.

Sector Standards for Textiles and Apparel

8 The GSSB approved an addendum to the project proposal to clarify the scope of the Standard and its application to organisations whose primary focus lies on accessories and jewellery manufacturing, and accessories and jewellery retail.

9 The GSSB was also provided further clarity on the reasons for including jewellery. The reasons include common overarching themes, shared production and value chains, and other related considerations.

Sector Standard for Biodiversity – revision of GRI 304: *Biodiversity 2016*

10 The GSSB approved the re-exposure draft for Disclosure 304-7 *Access and benefit-sharing* as part of the revision of GRI 304. The GSSB members raised the following points for consideration:

- (a) GSSB members noted that since there is a significant rewrite, the thoughts/reactions of the technical committee should be considered.
- (b) GSSB members highlighted that the original exposure draft contained a list of data points for reporting, which has since been removed and replaced with descriptive process requirements. The GSSB agreed that it would be good to use quantitative data in the reporting, but that more detailed guidance might be needed.
- (c) The GSSB noted that with regard to permits, different regulatory regimes exist in different countries, but this should not stop the GRI from asking for this information.
- (d) Considering the holiday period, the GSSB members suggested a one-week extension on either side of the exposure period. This is subject to consideration by the project team.
- (e) GSSB members acknowledged the difficulty in covering all aspects and agreed to approve the re-exposure of the Standard and wait for feedback from stakeholders.

Climate reporting requirements – exchange between GSSB and ISSB

11 The ISSB attended the GSSB meeting to exchange experiences in developing climate reporting requirements. The ISSB presented an introduction to IFRS S2 *Climate-related Disclosures* for input and for further collaboration with the GSSB. The GRI Staff presented the Scope 1-3 greenhouse gas (GHG) emissions disclosures in GRI 305: *Emissions 2016*. The GRI also presented the outcome of an analysis comparing the scope of GRI and IFRS Sustainability Disclosure Standards (See paragraphs 21 and 22).

2 See September 2023 Agenda Paper 1 [Draft summary of the GSSB meeting held on 20 July 2023](#).

Update on GSSB meeting held on 14 September 2023

- 12 Paragraphs 13–24 summarises the decisions made at the September 2023 GSSB meeting.³

Update from the Standards Division

- 13 At its meeting on 20 July 2023, the GSSB approved 13 members to the capital markets technical committee. At the September 2023 meeting, the GSSB approved the appointment of one additional candidate to the committee.⁴

Topic Standard for Economic Performance

- 14 The GSSB approved the project GRI Topic Standard Project for Economic Impact – Project proposal. As part of the GSSB Work Program 2023-2025, the GSSB will commence the review of the disclosure requirements related to economic impact, including, but not limited to, the revision of GRI 201: *Economic Performance* 2016, GRI 202: *Market Presence* 2016, and GRI 203: *Indirect Economic Impacts* 2016. This revision is consistent with the feedback from users and preparers indicating that the current disclosure requirements are unclear and inconsistently interpreted and would benefit from a thorough content review.
- 15 The project will adopt a programmatic approach and will commence in the following three phases:
- (a) **Phase 1** Distributed value: The GSSB will review and, where appropriate, revise GRI 201. The theme of distributed value has priority due to the Standard being one of the most widely reported of the GRI Standards, particularly Disclosure 201-1 (Direct economic value generated and distributed), which suggests there is external demand and usage by reporting entities.
 - (b) **Phase 2** Impacts on institutions: The second phase of the project will explore the theme of impacts on institutions. The need for the revision of GRI 205: *Anti-corruption* 2016 and GRI 415: *Public Policy* 2016 has been raised by several stakeholders, suggesting a growing interest in revised disclosure requirements focusing on an entity's operations and activities that impact the institutions governing economic exchanges.
 - (c) **Phase 3** Economic multiplier, job creation and goods and services: the project's third phase will explore the themes of economic multiplier, job creation, and goods and services. Stakeholder feedback pointed to an increase in interest by both preparers and users related to sustainability impacts beyond an entity's boundary, in particular, impacts on local communities and along the entity's value chain.⁵

- 16 The GSSB will appoint two working groups to review the economic impact-related Topic Standards. This project will commence in September 2023 and run for approximately 36 months. The GSSB Staff clarified that the project for economic impact will align with the work of the climate change project.

Alignment of Sector Standards with new Topic Standards

- 17 The GSSB approved the GRI Standard Project for Alignment Sector Standards with New and Revised Topic Standards – Draft project proposal. The GRI Sector Standards list the disclosure requirements that have been identified as relevant for reporting by an entity operating in a particular industry. Most of these disclosure requirements are drawn from the GRI Topic Standards. When a Topic Standard is revised, all Sector Standards that refer to it need to be aligned with the revised version.

3 See October 2023 Agenda Paper 1 [Draft summary of the GSSB meeting held on 14 September 2023](#).

4 See September 2023 Agenda Paper 2 [GRI Sector Standard Project for Financial Services – Proposed member for Capital Markets Technical Committee](#).

5 See September 2023 Agenda Paper 3 [GRI Topic Standard Project for Economic Performance - Project Proposal](#).

Failure to align will result in a situation in which an entity will be directed to different, and potentially contradicting, disclosure requirements by the Sector and Topic Standards that they are required to follow. The project is expected to commence in December 2023.⁶

Update on Mining project

- 18 The agenda paper for this agenda item was not made public. The GSSB was provided with an update on feedback received on the Mining Project, GRI Staff noted the following points:
- (a) Preparers expressed concerns over the extensive mine site-level reporting expectations whereas the users continue to demand more granular disclosures. The burden of reporting balanced with users' demands for this level of granularity continues to be a dilemma in this project. The GSSB could provide additional guidance or tools to help present the data succinctly and solve preparers' concerns. The GSSB could also seek a partnership or joint communications with investor bodies.
 - (b) The GSSB Staff noted the recent findings from the Responsible Mining Foundation (RMF) found that entities lack data or willingness to publish data on the mine site level.
- 19 The final Standard is expected to be issued in Q1 2024.

Update on the Biodiversity project

- 20 The agenda paper for this agenda item was not made public. The GRI Staff presented an update on the feedback on the Biodiversity Project and noted that all submissions will be made publicly and freely available online. The summary and key areas that emerged will be covered in the Basis for Conclusions section of the Standard.

Comparison of GHG emissions reporting between IFRS S2 and GRI 305: *Emissions 2016*

- 21 The GSSB has made available a comparison of the GHG emissions reporting in IFRS S2 and GRI 305 (2016), in particular, the disclosures for reporting Scope 1, Scope 2 and Scope 3 GHG emissions. The comparison was tabled at the July 2023 GSSB meeting (see paragraph 11).
- 22 The GSSB has also invited the ISSB to develop and publish this comparison document jointly, as a practical tool for reporters who want to use the GRI and ISSB Standards together. The upcoming public consultation for the GSSB's Project for Climate Change Standard(s) will present the next opportunity for an update to reflect on the complementary nature of IFRS S2 and GRI 305 (2016).⁷

Guidance to identify risks and opportunities that arise from impacts

- 23 Considering the changing reporting landscape, the GSSB will be developing practical guidance for preparers on how to use the materiality process based on impacts in GRI 3: *Material Topics 2021* to identify related risks and opportunities under a financial materiality lens.
- 24 The GSSB holds the view that most, if not all, of the impacts of an entity, will eventually translate into financial risks and opportunities. The material topics and related impacts determined with the GRI Standards therefore provide crucial input for identifying the financial risks and opportunities that arise from an entity's impacts.⁸

6 See September 2023 Agenda Paper 4 [GRI Standard Project for Alignment of Sector Standards with New Topic Standards – Draft Project Proposal](#).

7 See September 2023 Agenda Paper 5 [Draft document comparing GHG emissions reporting between IFRS S2 and GRI 305](#).

8 See September 2023 Agenda Paper 6 [Development of guidance to identify risks and opportunities that arise from impacts](#).

Update on GSSB meeting held on 17 and 18 October 2022

- 25 The GRI met on 17 and 18 October 2023. Paragraphs 32-35 summarises the public papers made available for the October GSSB meeting.⁹

Labor program update

- 26 The agenda paper for this agenda item was not made public. The GSSB were presented an update on the topic standard project for Labor. The update focused on content development, just transition, and 'control of workers' standard interpretation. The GSSB did not make any decisions at this meeting.

GRI 3 Material Topics 2021 guidance update

- 27 The agenda paper for this agenda item was not made public. The GSSB discussed the upcoming project to develop non-authoritative guidance on identifying risks and opportunities that arise from impacts. The staff noted the following:
- (a) the project proposal will be discussed at the January 2024 meeting. The project is expected to rely more on expert reviewers and a public consultation, rather than a technical committee. The staff are in the process of identifying key stakeholders to participate in the project. The Taskforce on Nature-related Financial Disclosures (TNFD) has expressed its willingness to collaborate on the development of biodiversity-related guidance; and
 - (b) the final non-authoritative guidance is expected to be published by the end of 2024, subject to the prioritisation of projects next year.
- 28 The TNFD attended the GSSB meeting and presented their recommendations and guidance on nature-related financial disclosures, which was published in September 2023. They noted the following points:
- (a) The TNFD welcomed the statements from GRI about the consistency between their recommendations and the GRI Standards.
 - (b) In nature-related financial disclosures, the concept of 'dependencies' will become increasingly important for organisations trying to understand related impacts, risks, and opportunities.
 - (c) The TNFD will test its impact materiality assessment with 200 pilot institutions and use this information to align with European Sustainability Reporting Standards (ESRS).
 - (d) The TNFD is expected to develop additional guidance on how TNFD's recommendations align with other jurisdictions.

Inter-alignment between Biodiversity and Mining Standards

- 29 The agenda paper for this agenda item was not made public. The GSSB received an update on the alignment of the Biodiversity and Mining Standards. The recommendation to include biodiversity disclosures within the mining sector standard aims to encourage the mining sector, which has considerable impacts on biodiversity, to adopt the leading standard for reporting on biodiversity impacts.

GRI Topic Standard Project for Climate Change update

- 30 The agenda paper for this agenda item was not made public. The staff presented an update of the Topic Standard Project for Climate Change with an overview of the proposed disclosures and their structure across the climate and energy standards (see paragraphs 36 to 39).

9 See November 2023 [Agenda Paper 1 Draft summary of the GSSB meeting held on 17-18 October 2023](#).

Introduction to XBRL

- 31 The agenda paper for this agenda item was not made public. Staff provided an update on the GRI taxonomy project and noted the following points:
- (a) The XBRL taxonomy is being retroactively applied to GRI Standards, which may see different options emerge for tagging certain information. The GSSB will be asked to advise on the most appropriate tags or decide whether an interpretation of the Standards is needed when codifying the Standards in XBRL.
 - (b) The project team is working with the International Financial Reporting Standards (IFRS) and the European Financial Reporting Advisory Group (EFRAG) to ensure interoperability among their different taxonomies, particularly around information that is not quantitative.
 - (c) A draft version of the taxonomy is expected in the coming months while organizations may be able to use the system sometime in 2024.

Overview of feedback received on GRI Standards

- 32 This paper presented an overview of the feedback received on the GRI Standards in 2023, until 3 October 2023, and the Standards Division's recommendations for addressing the feedback. This paper does not include feedback received as part of the draft GSSB Work Program 2023-2025, the draft Biodiversity Standard, or the draft Mining Standard, which was available for public consultation earlier in 2023.¹⁰

GSSB Work Program 2023-2025

- 33 The GSSB presented their Work Program for the periods 2023-2025 which is based on stakeholder feedback to the GSSB. The Work Program covers a list of priorities for the next three years.¹¹ The following is a list of planned Topic Standards revisions for the period 2023-2025:

Project	Status
Biodiversity	Publication Q1 2024
Labor	Started Q3 2022
Climate change	Started Q1 2023
Economic impacts	Start Q3 2023
Pollution	Start Q4 2023
Indigenous Peoples and local communities	Start 2024
Security practices	Start 2024
Customer impacts	Start 2025
Circularity and material resources	Start 2025
Procurement practices	Start 2025

- 34 The following is the list of Sector Standards planned for the period 2023-2025:

Project	Status
GRI Sector Standard Project for Mining	Started Q1 2022

10 See October 2023 Agenda Paper 3 [Overview of feedback received on GRI Standards](#).

11 See October 2023 Agenda Paper 2.7 [GSSB Work program 2023-2025](#).

	Approval expected in December 2024
GRI Sector Standard Project for Textile and Apparel	Started Q4 2022 Currently on hold, with hopes to resume activities in Q1 of 2024
GRI Sector Standard Project for Financial Services	Start Q1 2023 Public comment period is scheduled for late 2024
GRI Sector Standard Project for Food and Beverages	Start 2024*
GRI Sector Standard Project for Utilities (name and description to be confirmed)	Start 2024*
GRI Sector Standard Project for Renewable Energy (name and description to be confirmed)	Start 2024*
GRI Sector Standard Project for Forestry	Start 2025
GRI Sector Standard Project for Metal Processing	Start 2025

- 35 A GSSB member asked about alignment with other standard-setters to which staff responded that they are having a discussion with EFRAG about aligning priorities.

Update on GSSB meeting being held on 16 November 2023

- 36 The GRI will meet on 16 November 2023, at its November meeting, the GSSB will be asked to approve the following documents:
- (a) Climate Change Exposure Draft; and
 - (b) Energy Exposure Draft

Climate Change Exposure Draft¹²

- 37 The ED includes new disclosures related to climate change, as well as the review of GRI 305: *Emissions* 2016 (Disclosures 305-1 to 305-5) and GRI 201: *Economic Performance* 2016 (Disclosure 201-2). The ED includes the following changes and inclusions:
- (a) **Incorporation of just transition principles:** The ED covers dedicated disclosures on just transition metrics, including the number of jobs created, eliminated, and redeployed due to the transition plan, the number of employees that received training for up and reskilling and the locations where the organisation's transition plan has impacts on local communities and Indigenous Peoples.
 - (b) **New disclosure on transition plan for climate change mitigation:** The ED includes a new management disclosure focused on the development of a transition plan for climate change mitigation. The disclosure requires organisations to report information on policies and actions, alignment with the latest scientific evidence and relevant goals and targets.

* These projects are on hold as they search for program leadership.

12 See November 2023 [Agenda Paper 2 GRI Topic Standard Project for Climate Change – Climate Change Exposure draft](#).

- (c) **New disclosure on climate change adaptation:** This management disclosure focuses on the development of a climate change adaptation plan and the impacts including on local communities, vulnerable groups, workers, and biodiversity associated with the implementation and outcome of the plan. The disclosure also requires organisations to report any impacts associated with climate change-related risks and opportunities that have been identified to inform the development of the adaptation plan.
- (d) **New disclosure on emissions reduction targets and progress:** Under this disclosure, organisations report their GHG emissions reduction targets for Scope 1, 2, and 3 separately or combined and how they align with the latest scientific evidence.
- (e) **New disclosure on removals within the value chain:** This disclosure aims to increase transparency on the use of GHG removals.
- (f) **New disclosure on carbon credits:** The aim of this disclosure is to increase transparency regarding the use of carbon credits.
- (g) **New terms and relevant definitions:** New definitions have been included in the GRI Glossary, including terms such as carbon credit and GHG removal.
- (h) **More extensive guidance throughout the drafts:** Extensive guidance has been provided within the ED for the new disclosures as well as for the revised disclosures, including example templates for presenting the information for selected disclosures.

Energy Exposure Draft¹³

- 38 The primary objective of this project is to review GRI 302: *Energy* 2016 as part of the climate change project. The project includes the review of GRI 302: *Energy* 2016, GRI 305: *Emissions* 2016 (Disclosures 305-1 to 305-5), and GRI 201: *Economic Performance* 2016 (Disclosure 201-2).
- (a) **New management disclosure on energy management:** The Energy ED presents a dedicated, additional management disclosure that will help in disclosing the role of energy policies and commitments in the transition to a decarbonised economy.
 - (b) **Energy consumption and generation within the organization:** The Energy ED contains extended requirements on energy consumption and generation. An important update covers purchased and self-generated electricity consumption and sold electricity, with a requirement to provide a breakdown per energy source and information on whether it is renewable or non-renewable. Additional requirements have been included to report the activities in which fuel and electricity are consumed and to report separately on self-generated non-fuel renewable electricity consumption. A template has been provided to assist in reporting under this disclosure.
 - (c) **Energy consumption upstream and downstream in the value chain:** The Energy ED requires a new breakdown of significant energy consumption in the organisation's value chain by upstream and downstream Scope 3 categories. This information will raise awareness on the organisation's value chain while enhancing transparency on data disclosed.
 - (d) **Reduction of energy consumption:** The ED presents an additional requirement on whether the energy reductions occur within the organisation or at which stage of the value chain.
- 39 If approved, the exposure period will begin in late November 2023 and run until the end of February 2024.
- 40 The next GSSB meeting is scheduled for 14 December 2023.

13 See November 2023 [Agenda Paper 3 GRI Topic Standard Project for Climate Change – Energy Exposure draft](#).

Update on IPSASB's Climate-Related Disclosures project

September 2023 IPSASB Meeting

- 41 The IPSASB met on 12-15 September 2023 and discussed its Climate-Related Disclosures project. The IPSASB received presentations from the IFRS Foundation, ISSB and New Zealand External Reporting Board (NZ XRB) to receive updates on their work related to sustainability reporting guidance and to better understand their journeys specifically related to the development of climate-related financial disclosure requirements.
- 42 The IPSASB also agreed on its approach to developing its climate-related disclosure standard, including how it would incorporate climate expertise into the process using the project brief approved in June 2023.
- 43 At the September meeting, the IPSASB was also asked to consider the proposed changes to six defined terms in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related disclosures*¹⁴ (business model, value chain, general purpose financial reports (GPFRs), primary users of GPFRs and reporting entity).
- 44 The IPSASB members raised the following points:
- (a) In reference to the definition of business model, one member suggested that the reference to “Short, medium, and long term” should be added back to the proposed IPSASB definition.
 - (b) In terms of the definition of value chain, the IPSASB members noted whether the definition is understandable in terms of the public sector, as currently, the definition is more suited for the private sector. The IPSASB staff were encouraged to refer to the GRI definition for better applicability for the public sector.

IPSASB October 2023 Virtual Check-In Meeting

- 45 At its October 2023 virtual check-in meeting, the IPSASB held an education session on sustainability reporting focussing on materiality. The IPSASB also invited external speakers from the GRI, ISSB and EFRAG to speak on the materiality concepts in their related standards.
- 46 The next IPSASB meeting is scheduled for 5-8 December 2023.

Question for Board members

Q1: Do Board members have any questions about the information provided in this paper?

14 See IPSAB September 2023 Agenda Item 13 [Climate-related Disclosures](#).