

Item 08 – Impact reporting in the Public Sector, state of play and recommendations

For GSSB discussion and approval

Date	05 March 2025
Meeting	19 March 2025
Project	Research project
Description	<p>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.</p> <p>A previous version of the document was presented and discussed at the GSSB meeting on 20 June 2024. At that meeting, the GSSB suggested exploring synergies with the public sector, producing guidance documents for organizations in the public sector, and assessing the role of government organizations in other standards. There was no consensus on the benefits of developing standards specific to the public sector, and there were also concerns from the labor constituency about the proposal to broaden the business constituency to include the public sector.</p> <p>In the meantime, GRI continued to register interest in this topic with specific requests for assistance from Colombia and Korea. GRI participated in IPSASB’s project to develop sustainability standards, which produced in late 2024 an exposure draft of its climate standard.</p> <p>Following the feedback from the GSSB, the current document has modified the recommendations to remove the suggestion of a change in the business constituency.</p> <p>In response to comments from the GSSB on the role of state-owned enterprises, new analysis on the adoption of GRI by these companies has been introduced in Section I.B.2.</p> <p>There has been further editing to reduce the length and improve readability, but the document’s structure and conclusions remain the same.</p>

This document has been prepared by the GRI Standards Division and is made available to observers at meetings of the Global Sustainability Standards Board (GSSB). It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard setting body of GRI. For more information visit www.globalreporting.org.

We invite the GSSB to provide guidance on the future work of GRI towards the public sector by advising on the recommendations and on the possibility of publishing this document (without the recommendations) to disseminate GSSB position on this topic to a wider audience.

The following is a breakdown of changes made to the previous discussion paper (see Item 02 of the GSSB meeting in June 2024) by line number:

- Line 66-69, text removed
- Line 193-195, text removed
- Line 213-224, text removed
- Line 237-241, text removed
- Line 246-248, text removed, and new text added
- Line 256-261, text removed
- Line 285-288, text removed
- Line 582-588, text removed, and new text added
- Line 590-593, text removed
- Line 860-862, text removed, and new text added
- Line 964-968, text removed
- Line 1112-1114, text removed, and new text added
- Line 1148-1151, text removed.

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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,
9 the 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’ accountability to stakeholders is typically managed through established
22 mechanisms such as elections or reporting to governmental bodies, and focuses on PSOs’
23 performance in implementing policies on behalf of stakeholders.

24 Analyses 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 (accountholders) stakeholders
27 from adopting GRI.

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 More specific recommendations concern the review of standards or disclosures that appear
67 challenging or misunderstood by PSOs. These include: *GRI 2-3 Governance*, *GRI 201: Economic*
68 *Performance 2016*, *GRI 203: Indirect Economic Impacts 2016*, and specifically *GRI 203-1*
69 *Infrastructure investments and services supported*, *GRI 204: Procurement Practices 2016*, in

70 conjunction with GRI 308: Supplier Environmental Assessment 2016, and GRI 414: Supplier Social
71 Assessment 2016, GRI 205: Anti-corruption 2016, and GRI 413: Local Communities 2016.

72 Please refer to sections [II.B.2](#) and [3](#) for a description of these issues. For the Sector Standards, we
73 develop our recommendations below.

74 **2. Develop a Sector Standard for the public sector focusing on** 75 **general government**

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

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

84 A general government Sector Standard could deviate from other Sector Standards in terms of scope
85 and content and may require a slightly different approach. The preparation phase should also include
86 an assessment of the target organizations' demand for such a standard and potential activities to
87 raise awareness and facilitate adoption (see recommendation number 5 below, 'Increase engagement
88 with the public sector').

89 **3. Develop Sector Standards for industries where the public sector** 90 **is predominant**

91 The public sector contributes to multiple areas of the economy beyond general government functions.
92 It is predominant in areas such as defense, public order, or social protection where the involvement of
93 the private sector is limited, making these industries quasi-unique to the public sector. In some other
94 areas, such as health, education, or utilities, the public sector remains highly prevalent.

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

100 **4. Encourage policy and regulatory reporting in conjunction with** 101 **operational impact reporting**

102 GRI could provide guidance to distinguish the impacts caused by policies and regulations and those
103 caused by the organization's own activities. It could also encourage combined reporting using GRI
104 Standards for the operational side and another existing framework for the policy aspect. Such

105 guidance and recommendations can be implemented parallel or in advance of the Sector Standards
106 recommended in the previous point.

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

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

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

123 **5. Increase engagement with the public sector**

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

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

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

Introduction

131

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

138 This takes place in the context of the emergence of an interest in engaging in this domain within the
139 accounting reporting profession. In April 2023, the Chartered Institute of Public Finance and
140 Accountancy (CIPFA) in the United Kingdom published a report (hereinafter referred to as Adams,
141 2023) [3] calling for 'stepping up' public sector sustainability reporting and called for supporting the
142 use of GRI Standards and the SDG framework by public sector organizations (PSOs). In parallel, the
143 International Public Sector Accounting Standards Board (IPSASB) launched in 2022 a consultation
144 paper to its constituents on the opportunity of advancing public sector sustainability reporting [5],
145 followed in March 2023 by the launch of a project brief on the development of climate-related
146 disclosures, resulting in an exposure draft being released in October 2024 [6]. Finally, the Association
147 of Chartered Certified Accountants (ACCA) organized a global roundtable on the topic of public sector
148 sustainability reporting, which resulted in a call for better sustainability reporting in the public sector to
149 achieve the world's sustainability aspirations [7].

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

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

161 I. Public sector definition and key 162 characteristics

163 A. Definition

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

178 The universality of access and the notion of public good are elements of continuity between the two
179 concepts. They relate more broadly to the role of the government as a provider of services and goods
180 that are socially desirable but under-provided through the market economy. This is because the range
181 of goods and services and the prices charged are based on political and social considerations rather
182 than profit maximization. While debates on the desirable size of government and the extent of the
183 activities falling within its scope are often politically charged, the role of the government as an
184 economic actor is nowadays widely recognized, with the Organization for Economic Cooperation and
185 Development (OECD) noting that 'governments are responsible for the provision of various goods and
186 services to their populations [and] also strive to redistribute income across society, through social
187 benefit and subsidies' [13]. The redistributive activity of government is another important characteristic
188 of its impact, together with the capacity to pass law affecting the behavior of other economic units
189 [14], even if not all PSOs share redistribution and regulatory roles.

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).

190 Crucially for GRI and other standard-setting organizations, the public sector is not a sector in the
191 sense of an 'industry' of the economy, where organizations make up different parts of its supply chain.
192 It spreads over multiple industries, and its missions and mandates are diverse, varying across
193 geographies.

194 Considering these factors, we propose a definition of the public sector as the collection of entities
195 acting on behalf of the government, including the government itself. The determinant criterion in
196 identifying a PSO is not solely *ownership or control*, but its capacity to *act on behalf* of the
197 government to deliver goods and services that benefit society at the expense of maximizing profit.
198 Under this definition, the objectives and values of the government also apply to the public sector as a
199 whole. This is particularly relevant as it will determine how PSOs approach reporting in terms of
200 materiality assessment or scope. While the element of ownership and control is necessary for the
201 operationalization of the definition, and in particular to exclude private sector organizations acting on
202 behalf of the government (following the concept of 'public service'), it is not sufficient to understand
203 the objectives of organizations, especially concerning sustainability.

204 **B. Typologies of the public sector**

205 Establishing a typology of the public sector has a dual objective. First, it is necessary to limit the topic
206 of our research, and second, it will help us understand the specific needs of the public sector for
207 sustainability reporting and which areas within the public sector deserve special attention.

208 Two main complementary frameworks stand out, one focuses on the entities that constitute the public
209 sector, while the other focuses on the type of activities in which the public sector is involved.

210 **1. The Government Finance Statistics (GFS)**

211 The Government Finance Statistics Framework (GFS) was developed by the International Monetary
212 Fund (IMF) essentially for statistical purposes, to support the analysis and evaluation of the
213 performance of the government and the public sector in light of its fiscal policy. It classifies the public
214 sector into institutional units that can be grouped into either the general government sector or public
215 corporations.

216 This framework includes all government bodies and organizations controlled by government units, see
217 Figure 1. The smallest unit of this classification is the 'institutional unit', defined as an 'economic entity
218 that is capable, in its own right, of owning assets, incurring liabilities, and engaging in economic
219 activities and in transactions with other entities'.

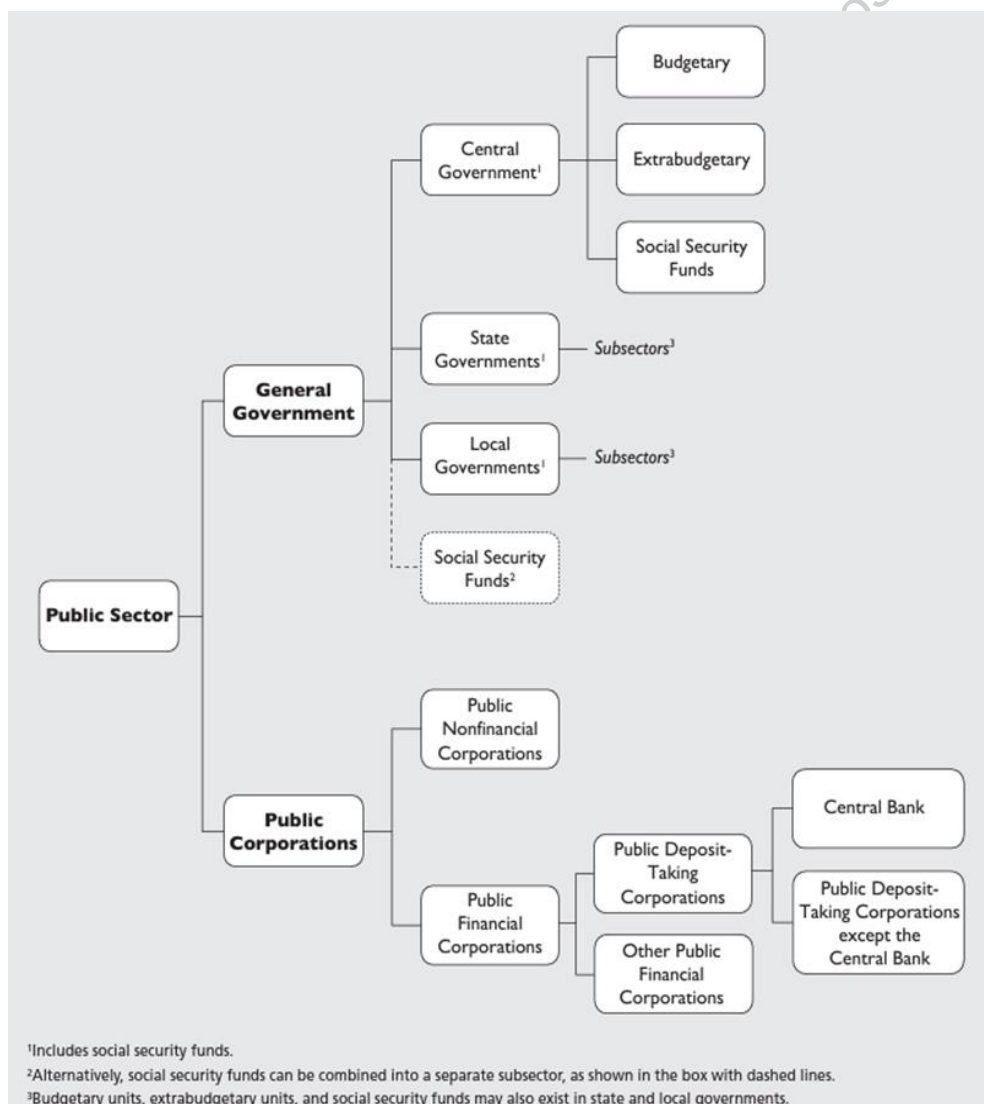
220 The main feature of the GFS is that it focuses on the entities that constitute the public sector and
221 establishes lines of financial accountability and commands between them. It allows statistical
222 reporting across different levels of government and aggregates the data in a way that avoids overlap.

223 GFS's first division of the public sector is between the general government and the public
224 corporations, which are the entities that produce 'all or most of its output [...] at prices that are
225 economically significant' [15] and are also referred to as State-Owned Enterprises (SOEs). Given the

226 similarities between SOEs and private sector organizations in operations and accountability needs,
 227 these organizations can use the GRI Standards without needing further adaptation.

228 According to an internal database of more than 20,000 corporations listed in stock exchanges, SOEs
 229 are more likely than similar organizations in the private sector to use GRI, although that difference is
 230 due mostly to the fact that SOEs in the database tend to be larger. When the size effect was
 231 eliminated (by focusing only on the top 5,000 largest), we observed that the adoption rate of GRI was
 232 very similar across SOEs (52%) and private companies (55%), despite the fact that more than half of
 233 the SOEs in the list came from China, a country with lower-than-average GRI adoption rates. The
 234 main criticism of the GFS is that it does not properly fit the diversity of situations across countries and
 235 political systems, affecting its capacity to be used for comparison purposes. Although this criticism
 236 holds within the category of general government, the existence of criteria to distinguish the general
 237 government from public corporations seems to be applicable across geographies.

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



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

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

242 The second main framework is the Classification of the Functions of Government (COFOG). COFOG
 243 was developed by the OECD and published by the United Nations Statistical Division (UNSD). It
 244 builds on the SNA's government expenditure classification by further classifying the expenditure by
 245 purposes, defined as the socioeconomic objectives that general government units aim to achieve
 246 through various kinds of expenditure. While the GFS and the SNA aim to present who spends what,
 247 the COFOGs present the socio-economic purpose of the expenditure. In both cases, the overall
 248 purpose is to create statistical aggregates used for macro-economic accounting or policy evaluation.

249 In this classification, the general government sector is divided according to the goods and services it
 250 provides. COFOG is a 3-level classification with 10 'divisions' at the top level, each broken down into
 251 groups between 6 and 9 'activities', which are partly sub-divided further into 'classes'.

252 **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	

253 Source: OECD, 'Annex B: Classification of the Functions of Government (COFOG)', in *Government at a Glance 2011*, 2011,
254 194–95.

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

258 The main advantage of the COFOG and other sectorial classifications is that they offer a higher
259 degree of comparability across countries than hierarchical classifications. The level of government
260 presented in the GFS might make sense from a statistical perspective when presenting an
261 aggregated output compiled by a central authority. However, it might be impractical for the reporting
262 entities to use it, depending on the geographical and constitutional context. In countries with multiple
263 levels of government or federal systems, the respective attributions of different entities are sometimes
264 better understood in terms of policy topics.

265 COFOG classification is useful to separate the activities of the public sector according to how much
266 space is shared with the private sector. General public services, defense, public order, and social
267 protection will be almost exclusively the domain of the public sector, while social services and
268 infrastructure provision is shared. This distinction can be relevant for designing GRI Sector Standards
269 (See section 'Recommendations').

270 **C. Specific characteristics of the public sector**

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

277 In this respect, they differ from private sector organizations whose primary objective is profit
278 maximization and value creation. The concept of 'value' has a specific meaning in the public sector,
279 which is simultaneously broader and separated from monetary value and often relates to 'the value of

280 life, the value of society, the value of quality and, if one is of a religious bent, the value of creation
281 itself' [18].

282 The *IPSASB Conceptual framework for general purpose financial reporting by public sector entities*
283 [17], highlights a total of six characteristics of the public sector: the importance of non-exchange
284 transactions, the importance of the approved budget, the nature of public sector programs and the
285 longevity of the public sector, the nature and purpose of assets and liabilities in the public sector, the
286 regulatory role of public sector entities, and the relationship to statistical reporting.

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

290 **1. The policy and regulatory aspect of the public sector**

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

299 **2. Codified accountability mechanisms**

300 The need for accountability in the public sector is fundamentally different from that in the private
301 sector. The V-dem Institute at the University of Gothenburg, led by S. Lindberg, describes the
302 accountability pathways within the public sector relative to the governments [19]. Vertical
303 accountability is the accountability of the government toward citizens, which mainly expresses itself
304 through free elections,⁴ where citizens have the capacity to vote out politicians. Second, horizontal
305 accountability describes the accountability that different branches of government (executive,
306 legislative, and judicial) have toward each other, whereby each branch plays a role in keeping the
307 other two within the bounds of the law [20]. This, for example, includes the reporting of a government
308 department or agency to Parliament or the executive branch's head. Finally, the elusive concept of
309 diagonal accountability relates to the idea of participatory democracy whereby citizens engage directly
310 or indirectly with the government either through their own actions, civil society organizations, or the
311 media. Examples of diagonal accountability include 'public demonstrations, protests, investigative
312 journalism, and public interest lawsuits' [19], which, in effect, seek to trigger the vertical and horizontal
313 accountability mechanisms. In this model, the ability of citizens to exert diagonal accountability

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.

314 increases as information on government actions becomes available and transparent. Sustainability
315 reports would, therefore, fit neatly as part of this model and highlight the importance of citizens (and,
316 by extension, civil society organizations and the media) as key stakeholders of PSOs when they
317 undertake reporting.

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

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

330 **3. Influence of stakeholders**

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

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

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

343 Based on the discussion of accountability described above, the following list of account-holders of a
344 specific type of public sector organization – a public agency – has been drawn by Schillemans et al.
345 2022 [21]. We have added additional account holders.

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

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

347 The accountholders italicized have been added by us.

348 **D. Challenges for sustainability reporting in the** 349 **public sector**

350 The public sector is a major contributor to the economy. In 2021, government expenditures amounted
 351 to 46.3% of GDP, and general government employment (i.e., only a limited part of the public sector)
 352 amounted to 18.6% of total employment, on average across OECD countries [13]. Therefore, it is a
 353 large source of sustainability impacts. Excluding the public sector from reporting would minimize the
 354 assessment of human activity on the environment, the economy, and people, including human rights.

355 However, some of the characteristics of the public sector detailed above bring about potential
 356 challenges regarding sustainability reporting.

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

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

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

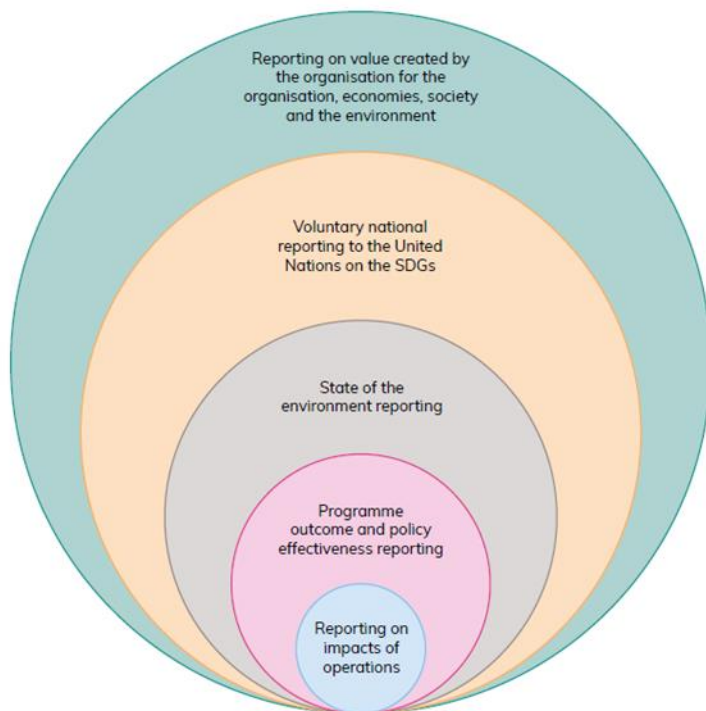
370 It should be noted that reporting on public policies and implementation measures comes conceptually
371 very close to policy monitoring and evaluation, particularly in the context of the Sustainable
372 Development Goals (SDG). This overlap will be further explored in Section II.

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

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

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

385 **Figure 2. Spheres of reporting described in Adams, 2023**



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

387 **2. Gaps between sustainability reporting and accountability** 388 **mechanisms**

389 The challenge to sustainability reporting for PSOs not only relates to the content but also to the form
390 of reporting. PSOs are used to be accountable to other PSOs (sometimes referred to as
391 accountholders) according to specific rules often defined in law or custom. For example, ministries or
392 government departments must give parliament an account of their activities. This implies a cultural
393 gap with the flexibility of impact reporting. For example, the GRI Standards invite the organization to
394 question their own processes and adapt the reporting to its context, broadening the concept of
395 stakeholders and adopting their different points of view.

396 In addition, PSOs might be protective of their accountability activities. For example, an interviewee
397 mentioned how stakeholders who were traditional accountholders of the reporting organization were
398 reluctant to engage in the materiality assessment process, as this process was foreign to their
399 representation of their mission toward the reporting organization. For many PSOs, the commitment to
400 sustainability reporting might be subject to political choices made by elected representatives, who are
401 not always part of the reporting organization.

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

403 Through literature review and desk research, we identified jurisdictions with policies (regulations,
404 laws, or guidance) relating to sustainability reporting in the public sector across the world. Our
405 objective was to assess the maturity of the regulatory environment and identify any jurisdiction where

406 sustainability reporting in the public sector would be particularly developed as a result of regulation on
407 the topic. The list we compiled is not meant to be exhaustive but provides an overview of different
408 approaches and trends in regulation and policy across different geographies. We particularly sought
409 to identify regulations, laws, and policies in non-English speaking countries and as much as possible
410 in emerging and developing economies.

411 Building on Adams [3], which looked at English-speaking regulations for sustainability reporting in five
412 jurisdictions, we identified an additional 21 policies across 13 jurisdictions (plus the OECD). In some
413 jurisdictions, we also found evidence that there were no such policies. For example, in Germany, to
414 our knowledge, there are no generally applicable binding regulations on sustainability reporting for the
415 public sector [22]. In Ghana and Egypt, we identified that while comprehensive guidelines on
416 corporate governance in the public sector existed, they did not include provisions for reporting. The
417 policies are described in Annex I.

418 • Scope

419 We identified 13 policies that applied to some degree to a group of central government entities. The
420 most advanced example of such policy was the Guidelines for Sustainability Reporting in Central
421 Government in Finland, published in 2021, a voluntary reporting framework directed to central
422 government ministries, agencies, and institutions [23]. This framework includes a distinction between
423 the reporting organization's 'handprint' as a result of its operations, and 'footprint' as a result of its
424 policies. It is strongly aligned with the SDGs.

425 The other category of PSOs that stand out as being subject to sustainability reporting policies are
426 state-owned enterprises. In some jurisdictions, the policy applies to both private and public sector
427 enterprises, with the criteria for inclusion being the size of the organization's workforce or its revenue.
428 However, in cases such as Sweden, Spain, Chile, or India, the policy targeted state-owned
429 enterprises. The duty to lead by example was cited as a key reason for conducting sustainability
430 reporting in these organizations (particularly in Sweden, Spain, and Chile) and the importance of the
431 state-owned enterprises in the economy (India).

432 Although numerous academic articles focus on local authority, we found few policies specifically
433 addressing local authorities. In France, we found that largely populated local authorities are required
434 to prepare sustainability reports before the budget debate. However, the requirements of the nature of
435 these reports are focused almost solely on policies and translated into descriptions of these policies
436 that are not always accompanied by an analysis of their impact. In Italy, the policy is mainly voluntary.
437 The scarcity of policy reporting at the local level is all the more interesting, and we found multiple
438 examples of sustainability reports by municipalities or local authorities, which could indicate that this
439 reporting is mostly voluntary and could be the product of other trends. In New Zealand, the review of
440 the Environmental Reporting Act in 2014 was foreseen by scholars [24] to involve an extension of
441 requirements to local authorities, but that was not the case. In the United Kingdom, the National Audit
442 Office puts into perspective the lack of consistency in reporting greenhouse gas emissions by local
443 governments, with the absence of mandatory reporting for the public sector as a whole [25].

- 444 • Definition of sustainability

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

- 452 • Type of requirement

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

467 **II. Current reporting practices of** 468 **public sector organizations**

469 **A. Type of reporting by public sector organizations**

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

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

480 **1. Financial/Annual report**

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

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

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

490 **2. Environmental reporting**

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

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

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

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

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.

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

509 **3. State of the environment report**

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

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

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

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

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

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

528 **4. Sustainable policy report**

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

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

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

539 **5. Sustainable development report based on the SDGs**

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

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

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

558 Similarly, PSOs are ramping up their reporting on the SDGs, and in many cases, they do so as part of
559 their GRI reporting. GRI has issued multiple guidance materials in this domain, including three guides
560 and one linkage document with support from the Swedish International Development Agency (SIDA)
561 [35], [36], [37], [38].

562 In parallel, reporting following the SDGs has developed globally. At the local level, cities and local
563 authorities have progressively started to publish Voluntary Local Reviews (VLRs). In these reports,
564 cities select a subset of SDGs and usually report on the policies they implement in this area and
565 monitor the situation (which can be deemed to fall into the scope of both contextual information and
566 impact reporting). There are currently 171 VLRs in a public database hosted by UNDESA [39].

567 We found that some local authorities that previously reported with GRI now report with VLR-SDGs
568 (see, for example, the cities of Melbourne [40] and Stirling [41] in Australia), but also found one
569 example of a local authority reporting both with VLR-SDGs and GRI, namely the province of Córdoba
570 in Argentina [42], [43].

571 **6. Sustainability/Triple bottom line report**

572 This type of reporting enables simultaneous assessment of the organization's impact on the
573 environment, economy, and people at the operational level while incorporating elements of impact
574 through policies. It links operational performance to the agency's vision and strategy [44]. Since 2004,
575 the number of such reports has increased, particularly with the publication of the GRI 2005 public

576 sector supplement. We found multiple references to this supplement in the literature, although it is no
577 longer effective as a GRI Standard (see the section on GRI guidelines for the public sector).

578 We found examples of such reports in four broad types of public sector organizations: state/provincial
579 governments, municipalities, public agencies, and state-owned enterprises. The specifics of this
580 reporting and the suitability of the GRI Standards will be explored further in Section B.1. Evidence
581 shows that the reporting differs between organizations with regulatory powers (state/provincial
582 governments and municipalities) and those without (public agencies and state-owned enterprises).

583 **7. No globally accepted framework for public sector reporting**

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

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

601 Finally, there is evidence that the ubiquity of the SDG filled a gap in the sustainability reporting
602 landscape as it offers a conceptual, if not practical, framework for PSOs to reflect on their contribution
603 to sustainability. In some cases, they are also used as a theoretical framework to report on
604 operational impact with debatable success. In Finland, the guidelines for sustainability reporting in the
605 central government [45] introduced a promising example of SDG-based sustainability reporting
606 focused on the organization's policy or regulatory activities ('handprint'). At the same time, the
607 operational impacts (described as the 'footprint') are reported in a separate section.

608 Anecdotally, we found two examples of former GRI reporters in Australia who switched to reporting
609 solely with the SDGs. One of them highlighted the desire to align reporting with their new strategic
610 phase in relation to the SDGs and to enable them to 'understand [their] contribution as a local
611 government to global goals to address the social, economic and environmental elements of
612 sustainable development'. It also notes that while it 'ceased [to] formally reference GRI indicators [...

613 it] acknowledges that many of the key focus areas outlined within the GRI remain embedded in its
614 reporting' [41].

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

621 **B. GRI initiatives for the public sector**

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

627 Nevertheless, private enterprises form the majority of those organizations reporting using the GRI
628 Standards, and most of the stakeholders who participate in the development of GRI Standards
629 represent private companies directly or indirectly. This generates a slight bias toward private sector
630 terminology and metrics in some GRI Standards, particularly for standards related to economic
631 impacts. More specifically, PSOs may have difficulty gathering the requested information or could find
632 the terminology confusing in Disclosure 201-4: Financial assistance received from government, *GRI*
633 *203: Indirect Economic Impacts 2016*, *GRI 205: Anti-corruption 2016*, and *GRI 207: Tax 2019*. We did
634 not identify any bias in the standards related to the environment.

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

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

640 **1. 2005 Public Sector Supplement**

- 641 • Background of the supplement pilot

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

647 GRI G2 guidelines were assessed to apply to public sector agencies, they were deemed not specific
648 enough to support the public sector.

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

654 • Content of the public sector supplement 2005

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

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

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

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

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

678 ○ Disclosures allow reporting on public policies and implementation measures. This
679 specifically targeted policies and measures related to sustainability. It applied
680 regardless of the organization's control over the said policy or measure and its
681 outcome (for example, public agencies implementing policies designed by an elected
682 government would still have to disclose these policies). This set of disclosures was
683 designed to allow reporting on a broad set of sectorial policies related to

684 sustainability with the goal of being similarly applicable to, for example, a public
685 agency in the field of justice and a government department in charge of health. To
686 achieve this, it provided a framework to describe the policies rather than setting
687 expectations on the content of these policies. In this respect, it does resemble the
688 approach and the vocabulary of the current GRI 2 disclosures relating to internal
689 policies and strategies on sustainability, which were also included in the GRI G2
690 guidelines. This generic approach was the source of much criticism in the academic
691 literature relative to the application of GRI reporting to public sector organizations,
692 with calls for a more prescriptive approach to what sector-specific sustainability
693 policies should look like as part of the reporting framework [46].

- 694 ○ The supplement provided additional performance indicators on two out of three
695 aspects of the 'triple bottom line reporting', i.e., the economic and social aspects.
696 The environment aspect was deliberately not addressed, and although no
697 justification was provided, this could be a sign that the working group did not foresee
698 any difference in reporting needs on this aspect compared to the private sector.
699 The additional economic performance indicators were primarily related to public
700 procurement and public expenditure. This was identified early on as a sticking point
701 of public sector reporting and resulted in four specific indicators. In parallel, three
702 additional indicators were created relating to expenditure to fit PSOs' accounting
703 system more accurately.
704 A unique social performance indicator was added with a focus on the 'efficiency and
705 effectiveness of services provided by the public agency, including the actions taken
706 to improve service delivery'. To avoid the evaluation-trap, the indicator did not
707 request to provide the assessment itself but to describe whether the assessment
708 took place and, if it did, what its conclusions were.
- 709 ○ It provided an explanation of the intent behind disclosure elements and indicators of
710 GRI G2 that used concepts and terminology that were not commonly used in the
711 public sector context.

- 712 ● Reception and impact of the public sector supplement 2005

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

716 In 2010, GRI conducted an analysis of GRI reporting in government agencies [4], specifically on the
717 adoption of the public sector supplement pilot. It concluded that public sector sustainability reporting
718 was still in its infancy compared to other sectors. This was true in terms of the quality of reporting and
719 the number of reports published – not only did a comparatively small number of reports emanate from
720 public sector organizations, but only half of the sample analyzed used the pilot supplement. The

721 authors noted that the reporting was fragmented, with reporters choosing to report only on a subset of
722 indicators and mostly narrative, which offered little opportunity for comparison among them. Two
723 general challenges were identified for future revisions: the need to refine the definition of the entities
724 that fell into the scope of the public sector, particularly regarding state-owned enterprises, and the
725 need to address the persistent perception that the main GRI Guidelines⁶ had private sector
726 foundations. At a more granular level, public policies and implementation measures were assessed to
727 be frequently reported on but not necessarily consistently or using the pilot supplement dedicated
728 indicators. Reporting on procurement and administrative efficiency (one of the specific reporting
729 elements in the public agency supplement) was even less advanced. While the findings of this
730 analysis are useful, they need to be positioned in a context where the understanding of sustainability,
731 more specifically reporting, was less widespread than it is now. In a subsequent section, we will
732 discuss an analysis of current sustainability reporting in the public sector.

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

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

747 **2. ABC of GRI Standards for Public Servants project in Latin** 748 **America**

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

752 First, governments were interested in encouraging businesses in their country or region to adopt GRI
753 reporting. Working with the network, they identified that by reporting on their own impacts and
754 conducting their reporting with GRI, they would be able to lead by example and become more aware

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

755 of how this could fit more broadly into their policies. This is the case, for example, of the Colombian
756 Ministry of Mines and Energy, which published its GRI report in 2021 [49].

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

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

- 764 • Governance: the governance structure differs from the private sector and is subject to political
765 appointment or election. The current structure of the standards, which focuses on the power
766 of the board in comparison with the power of senior management, does not apply to the public
767 sector and is difficult to translate into their governance structures;
- 768 • Corruption: the standard on corruption is not broad enough to capture the instances of
769 corruption that exist and their specificities in the public sector;
- 770 • Public procurement: in the public sector, public procurement is more regulated and does not
771 solely rely on a balance of price and quality. Other factors, such as time, impact, and
772 organizational objectives, are also considered. However, the disclosure of the standards
773 relating to procurement (*GRI 204: Procurement Practice 2016*, *GRI 308: Supplier*
774 *Environmental Assessment 2016*, and *GRI 414: Supplier Social Assessment 2016*) are
775 considered too limited to account for these.

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

778 3. GRI Sector Standards

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

783 Three of the four GRI Sector Standards published by the end of 2023 refer to PSOs as reporters: *GRI*
784 *11: Oil and Gas Sector 2021*, *GRI 12: Coal Sector 2022*, and *GRI 14: Mining Sector 2024*. They note
785 that state-owned enterprises are present in most countries where the sector operates and represent
786 'some of the largest organizations in the sector'. State-owned enterprises are also described as 'often
787 the largest (oil and gas/coal) producers and hold ownership of the majority of global reserves. [...]
788 SOEs have specific challenges relating to transparency and governance, which are addressed in
789 some of the likely material topics in this Standard' [50]. This translates into two specific areas.

790 First, in the Anti-corruption likely material topic, which is common to the three Sector Standards it is
 791 noted that SOEs face specific challenges in this area ‘because they have less effective internal
 792 control and be subject to partial independent oversight’. This does not, however, translate into specific
 793 disclosure requirements for SOEs.

794 Secondly, state-owned enterprises are mentioned in the Payments to governments, a likely material
 795 topic, highlighting the risk of trade mispricing. This translates into an additional reporting
 796 recommendation for SOEs to report their financial relationship with the government.

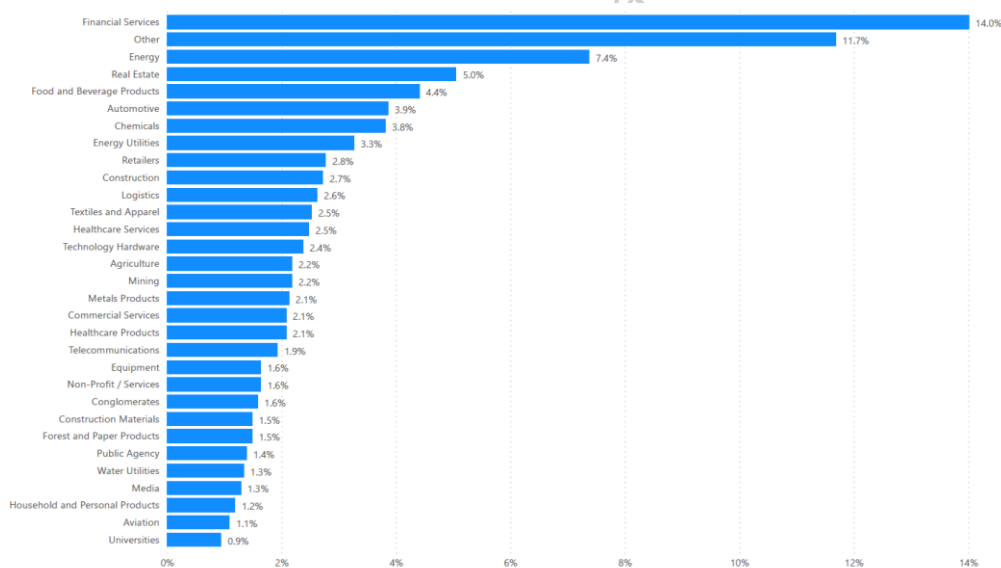
797 By default, the Sector Standards mentioned above assume that PSOs in these sectors can report on
 798 all the other likely material topics without any extra disclosure or specific guidance.

799 C. GRI adoption by public sector organizations

800 1. Data on reporting from GRI notifications

801 Levels of adoption by PSOs of GRI Standards have been consistently low over time. We use the GRI
 802 database of sustainability reports to identify the percentage of PSOs among GRI users. Although the
 803 data should be interpreted with caution, it is a valuable source of evidence on reporting in the public
 804 sector.⁷

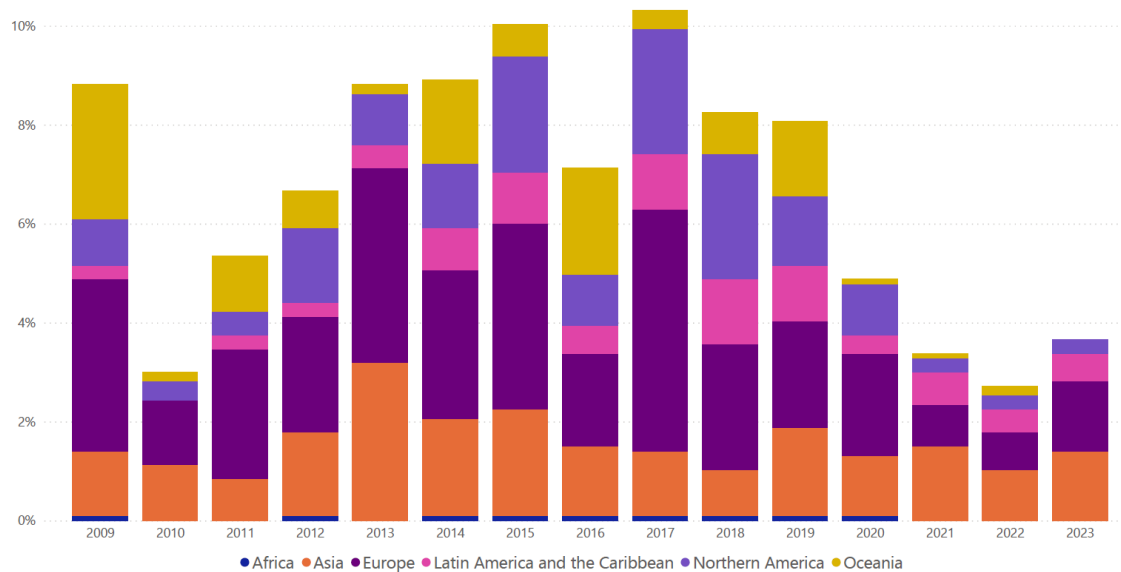
805 **Figure 3. Known GRI reports by sector (2022)**



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.

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

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



822

823 2. Content analysis of GRI reports

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

830 Although the analysis highlighted the overall suitability of the GRI Standards to report on most of the
831 PSOs' impacts, it also uncovered some mismatches between what the PSOs seemed to want to
832 report on and what the standards allowed them to report on. What follows is an analysis of the content
833 of these reports from the point of view of five key issues: materiality assessment, material topics,
834 stakeholders, standards used and the scope of the organization's impact.

835 • Materiality assessment

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

841 There are multiple cases in the sample where the material topics are very similar to key items of their
842 main strategic document (i.e., action plan, development plan, strategy document), and it is unclear
843 which precedes the other. In some cases, it seems like the strategy dictates the material topics. This
844 is perhaps unsurprising as the material topics should reflect those considered important to the
845 reporters, but it raises questions about genuinely examining their comparative impact on the
846 environment, economy, and people.

847 The two main criteria used to define materiality were the importance of the topic to stakeholders and
848 the impact on the environment, people, and the economy. In three cases, the organizations
849 mentioned that they only classified a topic as material if they assessed that they effectively influenced
850 this topic. This was mainly the case where organizations considered that other organizations, for
851 example, another level of government, had more mandate to operate on this topic.

852 The difference between impacts, material topics, and Topic Standards was not always very clear,
853 which could indicate that these concepts are not necessarily well understood. For example, in one of
854 the sample reports, the content index mapped material topics different from those in the list of
855 material topics as part of the report. Another report listed impacts and explained the criteria used to
856 identify material topics but did not provide the list of final material topics. Instead, it used Topic
857 Standards as material topics in the content index. This reinforces the idea that the materiality
858 assessment is sometimes retrofitted, and the reports are more structured around the main strategic
859 documents than on a materiality assessment. This is, however, not necessarily specific to the public
860 sector.

861 In some reports analyzed, the materiality assessment is present, and the material topics are reported,
862 but this constitutes only a marginal part of the report. The reports go far beyond material related to
863 GRI reporting to include policy matters. This means that reporters' motivation to report and assess
864 what they want to include in the report is guided by other preoccupations than the sole materiality
865 assessment or the will to report with GRI. This sometimes creates a distortion: either they report on
866 policy matters using GRI Standards as a framework but do not apply (or apply very loosely) the
867 disclosures, or they create parallel reporting.

868 • Material topics

869 Most organizations listed material topics relevant to their external policy impact on the broader public
870 or the environment. The proportion of material topics focusing on these questions varied across
871 organizations. For example, one organization included only one such material topic ('Environmental
872 stewardship'). In contrast, another's material topics were all related to some extent to its
873 policy/regulatory impacts except for one titled 'Internal themes: fiscal and financial management,
874 departments and services management, environmental management, HR and care for the citizens'.
875 For the latter organization, it is clear that the reporting should first and foremost focus on its policies.
876 Interestingly, though there was no specific pattern in terms of material topics based on the type of
877 organization, this is more likely to result from adaptation to the reporting context than a lack of
878 homogeneity in reporting needs. For example, organizations publish separate reports or reports on
879 policy in the same report but in a different section.

880 Issues identified as material varied along the policy areas of the organizations analyzed. For example,
881 the themes of environmental protection and public hygiene were predominant in a report where the
882 core mission of the reporter was to manage the environment. On the other hand, another reporter,
883 whose role is to manage the land of a specific jurisdiction, focused on issues related to affordable
884 housing. Local community engagement was also regularly listed as a material topic and treated as a
885 policy/regulatory topic by some and a business operation by others.

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

888 • Stakeholders

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

893 • Standards used

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

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

902 **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

903 * Reporting on procurement practices differs among reporters, with similar information being reported
904 as part of *GRI 204: Procurement Practice 2016* and *GRI 308: Supplier Environmental Assessment*
905 *2016* or *GRI 414: Supplier Social Assessment 2016*. In total, 7 of the reporters in the sample used at
906 least one of these standards.

907 This is only a partial representation of the reporting. In many cases material topics were reported
908 separately and not listed in the content index (this is a common practice also in the private sector).
909 For example, eight reports included disclosures on GHG emissions, but only six reporters did it as
910 part of the *GRI 305: Emissions 2016*. The two other reporters either used their own indicators or
911 published a separate self-standing report on their CO₂ emissions. Another example is a reporter who
912 used only one Topic Standard (beyond *GRI 2*), although it did report on themes covered by standards
913 using its own disclosures (water management and biodiversity). There were also cases where the
914 disclosures of the standards were applied loosely, or the information reported did not match the
915 disclosure requirement, which resulted in over-representing the use of these standards. This is the
916 case, for example, for *GRI 204: Procurement Practices 2016*. Multiple reporters used this standard to
917 disclose their procurement practices even if they were not in line with the unique disclosure, which
918 relates to the proportion of spending on local suppliers (for example, by describing their procurement
919 rules without providing the quantitative information requested in the disclosure). Other examples
920 include *GRI 408: Child Labor 2016* and *GRI 409: Forced or Compulsory Labor 2016*, or *GRI 205:*
921 *Anti-Corruption 2016*, for which information disclosed often relates to commitment or policies in place
922 instead of the requested assessment of operations at risk or number of incidents of corruption. In this
923 context, it is not surprising that we observed clear overlaps in reporting between multiple standards,
924 among which *GRI 401: Employment 2016* and Disclosures 2-7: Employees and 2-8: Workers who are
925 not employees, and as mentioned above, *GRI 204: Procurement Practices 2016*, *GRI 308: Supplier*
926 *Environmental Assessment 2016* and *GRI 414: Supplier Social Assessment 2016*.

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

- 932 • Reporting on the three scopes of PSO impact: state of the environment, policy and regulatory
933 initiatives, and operational impacts

934 The reporters analyzed in this sample had different approaches to define the scope of reporting.

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

942 Three state-owned enterprises were in the sample, and none reported on related policy matters, even
943 though policy-adjacent themes were part of their material topic (e.g., environmental stewardship). In
944 these cases, reporters seemed to consider that there was a higher bar of transparency and
945 exemplarity expected from them due to their state-owned status, but this did not translate into any
946 policy reporting.

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

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

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

- 968 • Use of the SDGs in reporting

969 Out of 70 reports (GRI and not GRI) we collected from PSOs, 61% (48 reports) mentioned the SDGs.
970 Among the GRI reports, 58% mentioned the SDGs, meaning many reporters opt for reporting on both
971 frameworks simultaneously. The extent to which the SDGs are used in reporting varies across
972 reports, from simply mentioning SDGs as guiding principles for developing strategy and policies to
973 complete SDG-based reporting. In its most advanced form, SDG reporting takes the shape of VLRs.
974 There is a visible enthusiasm and interest for SDG reporting among public sector reporters, including
975 reporters with GRI.

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

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

997 Among the seven reports referring to the SDGs, we found one example of an organization publishing
998 both a management report using GRI and a VLR report for the same year: the province of Córdoba in
999 Argentina. This example, further detailed in Box 1 below, shows the complementarity of the two
1000 frameworks in the context of public sector reporting but also highlights areas of overlaps that are likely
1001 to increase the reporting burden and, in turn, could decrease the perceived relevance of GRI
1002 Standards.

1003 The United Nations Global Compact was also mentioned as a reference by multiple reporters, but not
1004 to the extent that the SDGs are referenced.

1005 Two reports out of 10 extensively used other reporting frameworks, namely SASB, CDP, and TCFD.
1006 In addition, some reporters used other frameworks or indicators for specific questions, such as GHG

- 1007 emissions (GHG Protocol Corporate Accounting, Reporting Standard from the World Business
- 1008 Council for Sustainable Development and World Resources Institute, ISO 1464-1: 2006).
- 1009 In addition, they complied with local monitoring tools or reported with reference to local laws.

This document does not represent an official position of the GSSB

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.

3. Public sector-specific challenges of implementation of GRI disclosures

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

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

1048 **GRI 408: Child Labor 2016 and GRI 409: Forced or Compulsory Labor 2016:** One of the general
1049 government reporters in the sample described the activities and committees within its jurisdiction
1050 dedicated to eradicating forced or compulsory labor. The disclosure, however, requires reporting on
1051 instances of forced labor within the organization itself.

1052 **GRI 413: Local Communities 2016:** This standard was used by multiple reporters in the sample to
1053 show their actions in relation to citizen consultation or deliberative democracy. As consultation is a
1054 core principle of government in many places, this resulted in over-reporting as a majority of the
1055 external activities/policies designed or implemented by the organization would have been the object of
1056 consultation. In this case, the standard loses its relevance.

1057 **Conclusions and recommendations**

1058 **Conclusions**

1059 GRI Standards, although applicable to organizations across various sectors, demonstrate a lower
1060 adoption rate within the public sector compared to the private sector. Given the weight of the public
1061 sector in modern economies and the significant impacts it generates, the lack of sustainability
1062 reporting can represent a crucial gap.

1063 Debates persist regarding the suitability of GRI Standards for reporting on policy within the public
1064 sector. Some argue that GRI Standards adequately cover all relevant scopes for PSOs, highlighting
1065 challenges stemming from a lack of expertise in effectively utilizing these standards. This issue of
1066 immaturity within the public sector has been noted in literature since the late 2000s. However, the lack
1067 of progress in addressing these challenges suggests that sustainability reporting within the public
1068 sector may not gain momentum without engaging PSOs and aligning the standards with their unique
1069 needs and approaches.

1070 The primary challenge of sustainability reporting within the public sector lies in its unique ability to
1071 formulate and enforce regulations and policies, thereby influencing the behavior of regulated entities.
1072 Many PSOs must recognize the material impacts of their policies and regulations alongside their
1073 operational impacts, such as those stemming from their role as employers or energy consumers. An
1074 analysis of reports indicates that PSO reporters generally understand the distinction between setting
1075 regulations and leading by example in their operational activities. However, some struggle to integrate
1076 policy and regulatory reporting within the GRI Standards framework. This reveals practical challenges
1077 in delineating between these scopes and organizing relevant information cohesively within a single
1078 report.

1079 Furthermore, PSOs accountability to stakeholders is typically conducted through established
1080 mechanisms such as elections or reporting to governmental bodies, and focuses on PSOs'
1081 performance in implementing policies on behalf of stakeholders. Analysis of reports also showed that

1082 PSOs use different terminology to discuss performance; the terms ‘value chain’, ‘value creation’, or
1083 ‘business relationships’ are not only inappropriate to the public sector context but can also act as a
1084 deterrent to convince internal (managers) and external (accountholders) stakeholders to adopt GRI.
1085 Addressing the challenges PSOs face in using GRI Standards requires clarifying the scope of
1086 reporting and recommending complementary frameworks for policy and regulatory impacts.
1087 Additionally, explaining how certain terms apply to the public sector could mitigate terminology-related
1088 issues.

1089 While GRI Public Sector Supplement [2] offers a blueprint for public sector impact reporting, its
1090 incomplete implementation has spurred the development of alternative frameworks by organizations,
1091 such as public universities. Recent reports, such as Adams [3], propose frameworks distinct from
1092 GRI’s approach, serving as valuable references for informing future iterations of GRI Standards.

1093 While GRI Standards acknowledge the existence of public sector entities, they have refrained from
1094 explicitly addressing this sector, except where relevant in sector-specific standards and the
1095 discontinued Public Sector Supplement. Consequently, certain reporting needs of PSOs remain only
1096 partially met by GRI Standards.

1097 In parallel, PSOs have adopted various reporting forms, including financial reports, environmental
1098 reports, sustainable policy reports, and reports aligned with the Sustainable Development Goals
1099 (SDGs). Some PSOs have transitioned from GRI reporting to SDG-based reporting, while others are
1100 considering reporting with the European Sustainability Reporting Standards (ESRS).

1101 **Recommendations**

1102 Based on the analysis above, we formulate five recommendations that can be implemented
1103 separately but which also have synergies and dependencies that may need to be considered.

1104 **1. Consider the public sector perspective in developing all GRI** 1105 **Standards and other GRI activities.**

1106 Considering the weight of the public sector in the modern economy and the number of potential GRI
1107 reporters within the public sector, we recommend increasing the effort to ensure appropriate
1108 consideration of the needs of PSOs in developing and revising standards and related products like the
1109 XBRL taxonomy. This could include representatives of the public sector in working groups or technical
1110 committees, ensuring that the terminology used applies to the public sector context, or seeking
1111 comments from PSOs on standards’ drafts. This has recently been implemented in the project to
1112 renew the GRI Topic Standards on Economic Impacts, where a member from IPSASB has joined the
1113 working group.

1114 More specific recommendations concern the review of standards or disclosures that appear
1115 challenging or misunderstood by PSOs. These include: GRI 2-3 Governance, *GRI 201: Economic*
1116 *Performance 2016*, *GRI 203: Indirect Economic Impacts 2016*, and specifically 203-1 Infrastructure
1117 investments and services supported, *GRI 204: Procurement Practices 2016*, in conjunction with *GRI*

1118 308: *Supplier Environmental Assessment 2016* and GRI 414: *Supplier Social Assessment 2016*, GRI
1119 205: *Anti-corruption 2016*, and GRI 413: *Local Communities 2016*.

1120 Please refer to sections II.B.2 and II.C.3 for a description of these issues. For the Sector Standards,
1121 we develop our recommendations below.

1122 **2. Develop a Sector Standard for the public sector focusing on** 1123 **general government**

1124 We recommend creating a Sector Standard for the general government and its components: central
1125 government, state government, and local government, as well as the agencies depending directly on
1126 them. We observed that these organizations share similarities in their approach to reporting, including
1127 the challenges of reporting simultaneously on their operational activities and policy outcomes. A
1128 standard for the public sector should offer specific guidance on how to distinguish between them.

1129 The development of such a standard could build on the now-retired GRI Public Sector Supplement
1130 [2], taking into account where relevant the conclusions of its implementation assessment [4], as well
1131 as the framework proposed by Adams [3].

1132 A general government Sector Standard could deviate from other Sector Standards in terms of scope
1133 and content and may require a slightly different approach. The preparation phase should also include
1134 an assessment of the target organization's demand for such a standard and possibly activities to raise
1135 awareness and facilitate adoption (see recommendation number 5).

1136 **3. Develop Sector Standards for industries where the public sector** 1137 **is predominant**

1138 The public sector contributes to multiple areas of the economy beyond general government functions.
1139 It is predominant in areas such as defense, public order, or social protection, where the involvement
1140 of the private sector is limited – making these industries quasi-unique to the public sector. In some
1141 other areas, such as health, education, or utilities, the public sector remains highly prevalent.

1142 Health and education services are among the sectors expected to have a GRI Sector Standard
1143 developed. Significant attention should be devoted to these standards to the specific needs and
1144 circumstances of the public sector. We recommend that other activities dominated by the public
1145 sector, such as defense, public order, or social protection, could also be considered for a Sector
1146 Standard at a later stage.

1147 **4. Encourage policy and regulatory reporting in conjunction with** 1148 **operational impact reporting**

1149 GRI could provide guidance to distinguish the impacts caused by policies and regulations and those
1150 caused by the organization's own activities and encourage combined reporting, which would use GRI
1151 standards for the operational side and another existing framework for the policy aspect. Such
1152 guidance and recommendations can be implemented parallel or in advance of the Sector Standards
1153 recommended in the previous point.

1154 More research would be necessary to better understand how this relates to policy monitoring and
1155 evaluation, an area in which public agencies, and particularly local authorities, increasingly rely on the
1156 Sustainable Development Goals (SDG) as a reporting and evaluation framework. Some GRI reporters
1157 in the public sector already integrate the SDGs in their reporting, and the goals provide a helpful and
1158 much-needed framework for them to report on their policy impacts alongside their operational
1159 impacts. We recommend facilitating the integration of GRI Standards with the SDGs as a compatible
1160 framework to report on their policies.

1161 In practice, we recommend that GRI raises awareness among PSOs on the connectivity of the two
1162 frameworks and suggests combined reporting for organizations willing to engage in policy reporting.
1163 In addition, GRI should refine the current mapping of SDGs and GRI Standards to the specific needs
1164 of PSOs. This includes highlighting their different purposes and complementarity in the context of
1165 organizations with policy and regulatory competencies, avoiding any impression that the SDGs are
1166 part of GRI Standards.

1167 As part of any of the suggestions above, GRI should be conscious of the 2030 deadline for the
1168 implementation of the SDGs and seek to engage as much as possible with UN partners to gain an
1169 understanding of how integration could continue beyond this deadline.

1170 **5. Increase engagement with the public sector**

1171 Beyond the development of the standards, we recommend that GRI increase its engagement with the
1172 public sector through the provision of services to reporters.

1173 GRI could target PSOs in its communication to challenge the persistent perception that the Standards
1174 are primarily designed for the private sector and raise awareness of their relevance to the public
1175 sector.

1176 GRI should also build capacity and know-how within the public sector, for example, by creating course
1177 materials dedicated to PSOs as part of the GRI Academy or providing specific support services.

1178 **Glossary**

- 1179 ACCA: Association of Chartered Certified Accountants
- 1180 CIPFA: Chartered Institute of Public Finance and Accountancy
- 1181 COFOG: Classification of the Functions of Government
- 1182 GFS: Government Function Statistics
- 1183 GSSB: Global Sustainability Standards Board
- 1184 IMF: International Monetary Fund
- 1185 IPSASB: International Public Sector Accounting Standards Board
- 1186 OECD: Organization for Economic Cooperation and Development
- 1187 PRI: Principles for Responsible Reporting
- 1188 PSO: Public Sector Organization
- 1189 SDG: Sustainable Development Goals
- 1190 SNA: System of National Accounts
- 1191 UN: United Nations
- 1192 UNSD: United Nations Statistical Division
- 1193 VLR: Voluntary Local Review

This document does not represent an official position of the GSSB

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1195 **Annex 1 – List of sustainability reporting policies**
 1196 **identified**

1197 Sustainability reporting policies and regulations were identified through desk research, building on Adams [3], which looked at English-speaking regulations
 1198 for sustainability reporting in five jurisdictions. Regulations and policies were identified through a literature review, completed by additional web search using
 1199 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

This document has been prepared by the GRI Standards Division and is made available to observers at meetings of the Global Sustainability Standards Board (GSSB). It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard setting body of GRI. For more information visit www.globalreporting.org.

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

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1200 **Annex 2 – Methodology of the** 1201 **qualitative analysis of GRI reports** 1202 **from PSOs**

1203 **Sample**

1204 A sample of ten reports from PSOs was drawn to conduct an in-depth analysis of public sector
1205 reporting. The list of reports available in CRM was initially used as a sampling frame. However, it
1206 became apparent that the profiles of the reporting organizations on this list were too similar to
1207 represent the diversity of the public sector fairly. As a result, manual search helped us identify
1208 additional reports, some of which were used in the sample.

1209 Four of the ten reports used *GRI 1: Foundation 2016*, while the other used *GRI 1: Foundation 2021*⁸,
1210 and none used the Public Sector Supplement from 2005. However, one report from a Public Agency
1211 in charge of land development used the construction and real estate supplement from 2011.

1212 The criteria for selection in the sample were the following:

- 1213 • Use of GRI: all the reports follow GRI
- 1214 • Language: only reports in English, Spanish, Dutch, and French were considered due to the
1215 linguistic skills of researchers
- 1216 • Publication year: newer reports were prioritized over older ones
- 1217 • Geography: we tried to get a diverse representation of the world regions; however, we were
1218 not able to identify reports from PSOs in Africa that also matched other criteria for selection.
- 1219 • Type of organizations: while the majority of the Public Agencies from the CRM list were
1220 SOEs, we also sought to integrate central governments (at different levels) and public
1221 agencies. While we identified reports from hospitals and universities that matched other
1222 selection criteria, we chose to deprioritize them in the sample selection as their public status
1223 was difficult to ascertain.

1224 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)

1225 **Approach to analysis**

1226 The analysis of the report was done by manually referencing their content against a series of
1227 questions related to themes identified through desk research and scoping interviews. The main
1228 research question of this analysis was, 'How do public sector reporters currently report using GRI?'.
1229 The main purpose was to understand how GRI Standards (or, if relevant, former guidelines) were
1230 used, identify standards that were particularly used (quantitative assessment), and assess whether
1231 they were used as intended (qualitative assessment). Two purposes were identified:

- 1232
- 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
1233 (as described in GRI 1) or in terms of availability of standards for likely material topics. This is
1234 a *desirable (secondary)* purpose.
1235

1236 First, we referenced the content indexes against GRI Standards. In the case of the four reports based
1237 on *GRI 1: Foundation 2016*, we used GRI's publicly available mapping of the 2016 and 2021
1238 standards [51]. We then conducted a further analysis of the content of the report.

1239 As GRI reports are structured documents, the analysis followed a line of pre-set questions instead of
1240 proceeding with a thematical approach. The results were summarized using an Excel spreadsheet
1241 before being summarized in the present report.

1242 Complementary interviews were conducted with representatives of two organizations whose reports
1243 were part of the sample.