



GRI discussion paper

**CORPORATE
REPORTING
ON POVERTY**





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I INTRODUCTION AND CONTEXT

1.1 Background: Can corporate reporting help end poverty?

In September 2016, GRI embarked on a research project to review the relationship between corporate sustainability reporting and business action on poverty alleviation, with the aim of identifying how improved data and reporting can optimize business's contribution to ending poverty. Funded by the Swedish International Development Cooperation Agency (Sida) and the UK Department for International Development (DFID), the research project comprised a series of focus groups and interviews, as well as an analysis of 107 GRI-based sustainability reports from 28 countries and 30 industry sectors, ranging from SMEs to global multinationals.

The research project culminated in the GRI publication *Can corporate reporting help end poverty?* The study found that most surveyed companies are already including at least some disclosure on their efforts to alleviate poverty, and identified six contexts in which the corporate response to poverty is reported: philanthropy, community engagement, risk, operating context, direct and indirect economic impacts, and business development. Philanthropy and community engagement were found to be the most prominent contexts in which poverty is discussed, with few companies talking about poverty as a business risk, seemingly "missing an opportunity to consider the impact that poverty can or is having on the business."¹

The study suggests that there is an opportunity for companies to develop scalable and systemic solutions to poverty through "more proactive deployment of economic value distribution strategies in the poverty context of the country or community they are operating in, or by unlocking the potential of including the poor as a part of

the company's core business."² Given this identified gap between what the business community is doing and what governments and other stakeholders want to see, the paper argues that "this is where sustainability reporting comes in: helping business uncover and maximize opportunities to invest in uplifting people, track the impact, and credibly communicate with their stakeholders about their role."³

1.2 Objective: Driving more and better reporting on poverty

As a follow-up to the study, GRI has published this discussion paper, which seeks to provide practical assistance to organizations in their reporting on poverty, and to identify opportunities for GRI to drive more and better corporate reporting on poverty alleviation. This paper is informed by:

- Desk research, including recent work of the *Corporate Action Group for Reporting on the SDGs*⁴ and a review of various initiatives on business and poverty-related issues (section 2.3)
- An expert workshop, and subsequent engagement with participants (acknowledgements)
- An analysis of the most recent reports of three leading companies from three sectors that face particular challenges and opportunities in addressing poverty (section 2.2)

GRI's commitment to driving more and better reporting on poverty is guided by the recognition that poverty remains a fundamental global challenge, that business has a critically important role to play in contributing to this challenge, and that corporate sustainability reporting is a significant driver of positive social change.

1) GRI (2017) *Can corporate reporting help end poverty?* p. 28.

2) *Ibid.* p. 8.

3) *Ibid.* p. 10.

4) The *Corporate Action Group* forms part of a collaborative two-year initiative by GRI and the UN Global Compact (UNGC) to accelerate corporate reporting on the UN SDGs, by leveraging the GRI Standards and ten UNGC principles.

Despite recent significant progress, poverty remains a critical global challenge

Since 1970, the number of people living in extreme poverty has declined threefold, from an estimated 2.2 billion in 1970, to 705 million in 2015.⁵ The world attained the first Millennium Development Goal target – to cut the 1990 poverty rate in half by 2015 – five years ahead of schedule. Despite this significant progress, the number of people living in extreme poverty remains unacceptably high, with an estimated 10.7% of the world's population living below the international poverty line of \$1.90 a day.⁶ Although poverty rates have declined in all regions, progress remains uneven, and in many instances, it may be temporary, with many communities remaining particularly vulnerable to potential economic shocks, food insecurity and climate change, compounded by persistent high levels of global inequality.⁷

Given this context, it is not surprising that in 2015, the United Nations kept poverty at the top of the international agenda, making it the first of the UN Sustainable Development Goals (SDGs). With the SDGs increasingly recognized by governments, business and civil society as the international framework to advance development, SDG 1 is seen to provide a particular opportunity to review the nature of business actions and reporting on poverty.

Business, in partnership with others, has a critical role to play in contributing to poverty alleviation

Identifying pathways for companies to contribute to poverty alleviation and deliver on the ambitious poverty targets contained in SDG 1 will require strong partnerships between governments, NGOs, communities and the private sector. As the engine of economic growth and development, providing an estimated 90 percent of jobs in developing countries,⁸ businesses have the potential to play a strong leadership role in poverty alleviation, by driving more inclusive action in their own operations, supply chains and communities, by developing more inclusive products, services and business models, and by exerting leverage over their peers, decision makers and customers.




End poverty in all its forms everywhere

- By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day
- By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
- Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
- By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
- By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

5) Roser M and Ortiz-Ospina E (2017) *Global Extreme Poverty* (accessed 18 Dec 2017).

6) UN ECOSOC (2017) *Progress towards the Sustainable Development Goals (E/2017/66)* Report of the Secretary-General.

7) Roser M (2017) *Global Economic Inequality* (accessed 18 Dec 2017).

8) IFC (2013) *IFC Jobs Study: Assessing private sector contributions to job creation and poverty reduction*. The report makes the case that job creation is the principal way out of poverty for most people in developing countries.

While business may have the global reach and entrepreneurial dynamism needed to address societal challenges, this potential is often undermined by an unfavorable policy environment and inflexible business norms, permeated by short-termism, mispriced resources, and narrowly-defined requirements regarding investment and returns. As the earlier research findings suggest, many companies seem to be failing to appreciate the effect that poverty can or is having on their business, not only in terms of the increasing societal risks, but also in terms of the significant commercial opportunities.

There is growing evidence that more inclusive business strategies can deliver significant competitive advantage, through the provision of innovative products and services, by strengthening supply chains, increasing access to an appropriately skilled and more cost-effective workforce, or investing in a strengthened competitive context.⁹ A recent study suggests that achieving the SDGs targets (including, but not limited to, SDG 1) will open up more than US\$12 trillion of private sector market opportunities in four economic areas alone – food and agriculture, cities, energy, and health and wellbeing – with more than half of the value expected through inclusive opportunities in developing countries.¹⁰

As argued in the previous study, this is where sustainability reporting comes in: contributing to a shift in perspective on the nature of the contribution that business can make, informed by a deeper understanding of the expectations relating to poverty alleviation, and a greater appreciation of the risks and potential commercial opportunities in alleviating poverty.

Sustainability reporting: an important driver of change

As the provider of the world's most widely adopted sustainability reporting framework,¹¹ GRI is a strong

believer in the role of sustainability reporting in driving transformative change. With almost 400 policy instruments related to sustainability reporting in 64 countries,¹² it is clear that governments, stock exchanges and financial market regulators similarly recognize the power of corporate transparency and accountability in addressing critical societal challenges. Sustainability reporting helps companies to identify their material impacts, set ambitious targets, and monitor and report on their strategy and performance. It enables stakeholders (internally and externally) to make an informed assessment of the company's actions, hold them to account on their commitments and impacts, and work with them in catalyzing socially progressive business models, responsible supply chain practices, and more inclusive products and services.

Recognizing the power of corporate disclosure, the recent report of the Business and Sustainable Development Commission on the business contribution to the SDGs calls for the creation of “a well-designed benchmarking process” that allows individual companies to decide for themselves how to develop sustainably, in line with the SDGs, and that can be used to “foster a competitive race to the top.”¹³

This GRI research initiative, and its ongoing work in this area, is intended to contribute to this objective and to stimulate a ‘race to the top’, by:

- Clarifying expectations regarding corporate reporting on poverty
- Reviewing what companies are already doing in this area
- Identifying and sharing opportunities on what companies can do to address poverty
- Encouraging standards-setters to evolve reporting standards in parallel with the uptake of more scalable and impactful business practices

9) See for example the case studies provided by [Shared Value Initiative](#).

10) Business and Sustainable Development Commission (2017) [Better Business Better World](#); p. 26. The report also suggests that pricing externalities into these market opportunities adds almost 40% to their value.

11) The KPMG Survey of Corporate Responsibility Reporting 2017 found that 63% of the top 100 companies by revenue in each of 49 countries surveyed (4,900 companies) and 75 percent of the world's 250 largest companies by revenue are using GRI Standards and Guidelines.

12) KPMG, GRI, UNEP and University of Stellenbosch Business School (2016) [Carrots & Sticks](#).

13) Business and Sustainable Development Commission (2017) [Better Business Better World](#); p. 72.

2 CORPORATE REPORTING ON POVERTY: CLARIFYING EXPECTATIONS

Poverty is a multi-dimensional issue with potential links to almost all of the other SDGs. Given the broad scope of actions that can be taken to contribute to poverty alleviation – such as paying a living wage, investing in job creation (SDG 8), education (SDG 4), health (SDG 3) and infrastructure (SDG 9), facilitating access to resources (SDG 6 and SDG 7), and reducing inequalities (SDG 10) – poverty is one of the more difficult areas to measure and report on.

With the other SDGs typically seen as being “more actionable and specific” to business, it is perhaps not surprising that most of the corporate sustainability reports reviewed as part of this research initiative include very limited reference – and in many instances, none at all – specifically to SDG 1. This observation is aligned with the findings of a recent global survey that tested business awareness of and response to the SDGs, which found that SDG 1 ranked amongst the lowest across all business sectors in terms of companies’ assessment of their potential to have a significant positive impact on the Goal, and on the Goal’s potential to present a future commercial opportunity.¹⁴ It is suggested that this may be due – at least in part – to a lack of shared understanding of the scope of actions related to poverty alleviation, and highlights the benefits in clarifying expectations regarding corporate reporting on poverty.

One important objective of the GRI research process is to meet this need by developing a common understanding of the scope of poverty alleviation action and disclosure; the key findings are presented in Table 2 in section 2.4.

2.1 Understanding ‘poverty’ for the purposes of corporate reporting

Poverty: Adopting a multi-dimensional approach

The wording in SDG 1: *End poverty in all its forms everywhere* is very broad, and as such, it does not provide specific guidance on the scope of actions that may be covered. The Goal includes specific commitments to eradicating extreme poverty, “currently measured as people living on less than \$1.25 a day,”¹⁵ and to reduce by at least half the proportion of people living in poverty “in all its dimensions according to national definitions.”

To add further clarity to these broad descriptions for the purposes of informing corporate action and disclosure on poverty, it is proposed that a multi-dimensional understanding of poverty be adopted that goes beyond measuring income levels and that considers the various aspects of non-monetary deprivations relating to such issues as health, malnutrition, education, access to clean water, and security.¹⁶ It is suggested also that corporate disclosure

“Poverty’ is a huge thing, but it is very vague in the way it has been formulated. The other SDGs are much more actionable and specific.”

PARTICIPANT – GRI EXPERT WORKSHOP ON POVERTY

¹⁴) PwC (2015) *Make it your business: Engaging with the Sustainable Development Goals*.

¹⁵) Since the SDGs were agreed, the international ‘extreme poverty line’ has been revised by the World Bank to \$1.90 a day.

¹⁶) This draws for example on the *UNGC Oxfam Poverty Footprint* and the *Oxford Poverty and Human Development Initiative*.

“Poverty in SDG 1 is very broad, and this can confuse stakeholders. In our latest report, we deliberately do not refer specifically to ‘poverty’. We do not want to relate poverty just with earnings, as we recognize that it has a wider scope, with implications in terms of worker empowerment, health and wellbeing, gender issues and so on. For us, it is more useful and meaningful to report in terms of those SDGs that are more specific.”

PARTICIPANT – GRI EXPERT WORKSHOP ON POVERTY



on poverty should provide for elements relating to power relations and the distribution of value, as well as for poverty dynamics – whether the poverty context is chronic or transient.

Given this context, for the purposes of this research initiative, poverty is understood as referring to **the state or condition in which a person or community lacks the means needed to meet basic personal needs and to participate effectively in society**. This multi-dimensional approach recognizes that addressing poverty is about facilitating access both to the means needed to meet basic personal needs, as well as directly to the basic needs themselves. It also acknowledges the importance of power dynamics, and of protecting and promoting the ability of marginalized individuals and communities to participate effectively in society.

The business response: Contributing to poverty alleviation across its activities and relationships

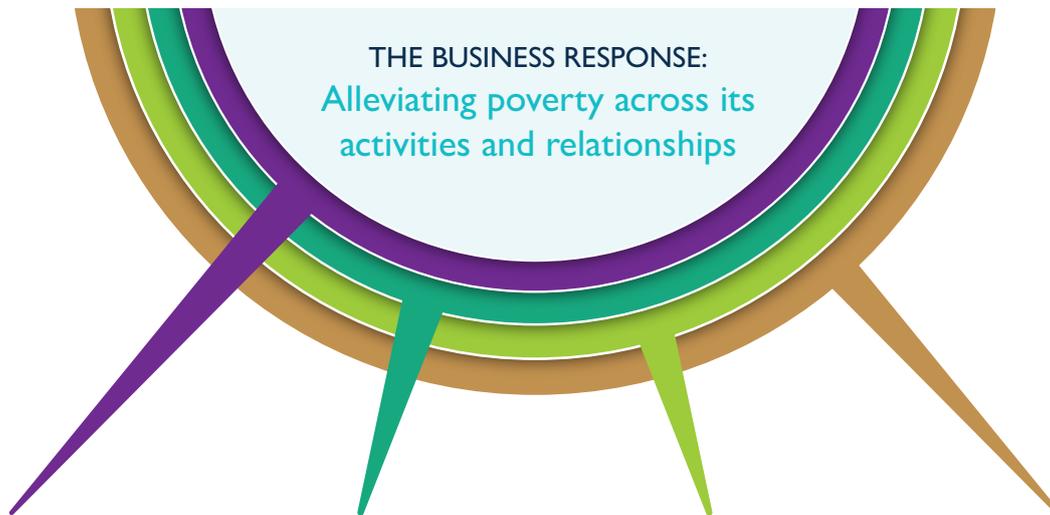
Informed by this understanding and approach to poverty, it is suggested that business has the potential to contribute effectively to poverty alleviation throughout its activities and relationships – within its own operations, supply chain and neighboring communities, through the provision of appropriate products and services, by ensuring full and

transparent payment of taxes, and through its business relationships with peers, policymakers and customers.

In identifying the actions that companies can take to contribute to poverty alleviation, and clarifying the associated suggested expectations regarding corporate disclosure, the review focuses on four broad areas of a company’s activities and relationships with associated actions (provided in the overview on page 8).¹⁷

For each of these areas, suggested disclosures have been identified providing information on issues that have a bearing on poverty (section 2.4). These have been informed by a review of the poverty-related issues addressed by three leading companies in their reports (section 2.2), an assessment of various initiatives on business and poverty-related issues (section 2.3), and the feedback of experts and practitioners on poverty and corporate reporting.

¹⁷ These areas of activity and relationships draw on the various approaches adopted in the initiatives cited in Table 1, and the Harvard Kennedy School publication (2015) *Business and the Sustainable Development Goals*; p. 6.



1 

IN THE WORKPLACE

- Providing employment opportunities and promoting job security in the company's operations
- **Paying a living wage** that enables employees and their dependents a path out of poverty
- **Ensuring fair working conditions and worker benefits**
- **Respecting labor rights**, including on issues such as collective bargaining

2 

IN THE SUPPLY CHAIN

- **Identifying and addressing exploitative supply chain activities**, using business relationships with suppliers to promote a living wage, fair working conditions and labor rights
- **Fostering opportunities for inclusive economic benefits** through procurement that favors vulnerable communities, and by investing in supplier and enterprise development initiatives

3 

IN THE MARKETPLACE

- **Developing inclusive products and services** that are affordable, accessible and profitable, and that meet a need in vulnerable communities or facilitate more effective participation in society
- **Identifying and mitigating potentially regressive products and services**

4 

IN THE EXTERNAL OPERATING ENVIRONMENT

- **Community engagement initiatives**, demonstrating a responsiveness to community interests, in particular amongst more vulnerable communities
- **Corporate social investment**, ensuring that investments in money, employee time or in-kind contributions are used strategically, ideally driven by desired long-term positive impacts
- **Public advocacy and policy reform**, harnessing business relationships with policymakers, public institutions, peers and consumers
- **Transparent payment of taxes**, ensuring that both the letter and the spirit of tax law are adhered to

2.2 Business reporting and action on poverty: Three case studies

In seeking to clarify expectations on corporate disclosure on poverty, this section reviews the latest reports of the following leading companies from three different sectors and regions:

- **Inditex** – the Spanish-based global fashion retailer
- **Safaricom** – Kenya’s largest mobile telecommunication services provider
- **Anglo American** – the global mining business, with a strong presence in South Africa

These companies have been chosen for the following reasons:

- They are from three different sectors – textiles, ICT and mining – each of which faces recognized challenges and opportunities in addressing poverty
- They operate in different countries and regions, providing valuable regional-specific insights
- Each company is recognized as being amongst the sustainability leaders in its sector, with a strong record of action and disclosure on societal issues
- They have each expressed their commitment to the SDGs and to reporting in accordance with the GRI Standards, and each has extensive experience in using the GRI Standards and Guidelines

These companies are therefore seen to provide a valuable basis for reflecting on some of the common challenges and opportunities relating to corporate disclosure on poverty. Each case study includes a brief introduction to the company and its sustainability commitments, followed by a review of their most recent reports, identifying how these address poverty-related issues in the workplace, supply chain, marketplace and external operating environment.

General observations

- The three companies reflect three quite distinct approaches to reporting, ranging from Inditex’s single, very detailed annual (‘integrated’) report, to Anglo American’s comprehensive suite of reports that includes a high-level strategic group perspective and several more detailed subject- and country-specific disclosures. Safaricom’s reporting includes an independent research report evaluating the societal impacts of their actions.
- Although each company refers to its commitment to the SDGs, and describes its action on various specific SDGs, there is almost no explicit reference in any of the reports to SDG 1, or to ‘poverty’ as a discrete issue, with the companies seeming to prefer to focus on the SDGs to which they can most effectively make a contribution. Despite this lack of explicit focus on poverty, each company provides extensive coverage of poverty-related issues across each of the four areas described in the previous section.
- All of the companies include disclosure on the six poverty contexts identified in the preceding study, and lend support to the suggestion that the greatest potential for more scalable solutions is in the more proactive deployment of economic value distribution strategies or by integrating solutions within the company’s core business. Safaricom’s experience with M-Pesa is a particularly illustrative example of this, and is also useful in highlighting the potential benefits of using social investment initiatives strategically as a means to pilot socially beneficial commercial opportunities.
- Each company moves beyond reporting only on inputs and outputs, to include some reflection on the assessed societal outcomes and impacts of their actions, using different approaches and methodologies to do so. These vary from the high-level disclosures on relevant indicators on outcomes and impacts included within the companies’ annual reports, to publishing separate detailed socio-economic assessment studies.



**CASE STUDY:
TEXTILES**

INDITEX

“Right to Wear”

Spanish-based Industria de Diseño Textil (Inditex) is one of the world's largest fashion retailers, with eight brands and 7,405 stores in 94 markets. The company employs more than 162,000 people of 99 different nationalities, and works with 1,805 suppliers and 6,959 factories globally, with more than 1.5 million workers in its supply chain.¹⁸



Sustainability commitment

Inditex has committed to complying with the highest environmental and health and safety standards, in line with the UN Global Compact Principles, the SDGs and the UN Guiding Principles on Business and Human Rights. Its sustainable strategy includes specific commitments relating to each of the following seven priorities: people; sustainable management of the supply chain; our customers; the excellence of our products; recycling and efficient use of resources; improving community welfare; and corporate governance.

Approach to reporting

Inditex's latest annual report (*Annual Report 2016*; English translation) is a 350-page document that seeks to

communicate to all stakeholders how Inditex creates value in the short, medium and long term. Inditex addresses all material sustainability issues in its integrated annual report, which is in accordance with the GRI Standards, UN Global Compact principles and the International <IR> Framework. In addition to reviewing the key SDGs related to each of Inditex's seven priorities, the report includes a table of qualitative and quantitative KPIs linking Inditex's seven priorities to each of the SDGs and GRI Standards.¹⁹

Recognizing “the need for a benchmark framework that guarantees transparency and comparability,” Inditex is part of the *GRI / UNGC Corporate Action Group for Reporting on the SDGs*, and also participated in the expert workshop that informed this research report.

¹⁸) Statistics from <https://www.inditex.com/en/about-us/who-we-are> (accessed 18 Dec 2017) and *Inditex Annual Report 2016*.

¹⁹) *Inditex Annual Report 2016*; pp. 224-225.

POVERTY-RELATED ISSUES ADDRESSED IN INDITEX ANNUAL REPORT 2016 (NOT EXHAUSTIVE)



WORKPLACE

- Total number of employees by country, noting number of direct jobs created over last four years
- Workforce distribution, noting e.g. type of contract and working day (by gender)
- Recent projects to improve the employability and integration of vulnerable groups
- Total fixed and variable wages, and social security contributions
- Nature of initiatives to promote equality and inclusion, and to prevent discrimination
- Overview of employee benefits and wellness initiatives
- Details on human and labor rights policy, and grievance mechanism for human rights violations



SUPPLY CHAIN

- Nature of activities to drive supply chain traceability and enhance SDGs
- Nature of collaboration with e.g. the International Federation of Trade Unions, IndustriALL Global Union, ILO, UNGC and ETI, including specifically on living wages and collective bargaining
- Number of supply chain audits by audit type (pre-assessment; social; special; traceability) and region
- Percentage compliance with code of conduct by issue, including living wage, and region
- Supplier rating, and number of suppliers rejected for failing to comply with conditions
- Training provided to suppliers and buyers on code of conduct and responsible procurement
- Nature of initiatives to protect migrants from exploitation



MARKETPLACE

- Comprehensive disclosure on application of their Right to Wear standards throughout product life cycle
- Details on Closing the Loop initiative, a garment recycling initiative that promotes employment, social integration and product reuse among more vulnerable groups, in collaboration with leading social NGOs



**EXTERNAL
OPERATING
ENVIRONMENT**

- Results of impact assessment of social investments, with details on: inputs (financial, employee time and in-kind); outputs (number of beneficiaries and projects supported, including by SDG); and impact on beneficiaries (by depth and type of impact), using the LBG Framework²⁰
- Details on outcomes and impact of investment initiative to promote employment in vulnerable groups
- Collaboration with international initiatives aimed at driving positive social performance in the sector
- Total tax contribution (direct and indirect, by region)

²⁰) A description of the LBG Framework for measuring corporate community investment can be found at <http://www.lbg-online.net> (accessed 18 Dec 2017).



**CASE STUDY:
ICT SECTOR**

SAFARICOM

“Leaving no one behind”

Safaricom is Kenya’s largest mobile telecommunication services company, providing a range of solutions including mobile and fixed voice and data, SMS, Internet and financial services. At 2017 financial year end, its key shareholders were UK-based Vodafone 40%²¹ and the Kenyan government (35%), with a 25% free float held by local and international investors.

Sustainability commitment

The company has a stated purpose “to transform lives” and a communicated commitment to delivering social value. It has recently completed the first phase of an internal process of integrating the SDGs into its corporate strategy at a group and divisional level. The Safaricom SDG Purpose Statement identifies nine specific SDGs where the company believes it has the biggest impact: “We commit to deliver connectivity and innovative products and services (SDG 9) that will provide unmatched solutions to meet the needs of Kenyans by enabling access (SDG 10) through our technologies and partners (SDG 17) and by exploring opportunities in health (SDG 3), education (SDG 4) and energy (SDG 7). We will do so by managing our operations responsibly (SDG 12) and ethically (SDG 16). This will stimulate growth and generate value for our company, society and economy (SDG 8).”²²



Approach to reporting

Safaricom’s stated purpose of transforming lives, and its commitment to the SDGs, is reflected in its annual reports.

- **Safaricom Annual Report and Financial Statements 2017** includes a brief overview of their approach to integrating the SDGs into its business strategy; a summary of the company’s assessed contribution to the Kenyan economy over the past decade; details on their investment in employees and in external partnerships to drive social change; and a performance review of how their products and services are delivering societal transformation in health, education, agriculture, and inclusive finance.
- **Safaricom Sustainability Report 2017: Leaving No One Behind** includes statements by the chairman and CEO on the strategic importance of addressing poverty; an assessment of their indirect ‘true value’ contribution to the Kenyan economy; a review of activities relating to the nine targeted SDGs; and an overview of their performance on material stakeholder interests.

In addition, Safaricom published the results of an assessment of their contribution to Kenyan society from 2006/7 to 2015/16, using KPMG’s “True Value” methodology.²³ The report quantifies the company’s material externalities, and includes an analysis of the total economic value-added through its operations and capital expenditure, and the social value created through its M-Pesa financial inclusion product. Using Social Return on Investment principles, the study found that the societal value generated by M-Pesa grew from Shs 83 billion to Shs 185 billion over the 10-year period, highlighting the significant potential of business-driven solutions.

21) Vodafone has since transferred a majority of its holding to South African based Vodacom.

22) *Safaricom Annual Report and Financial Statements 2017*; p. 36.

23) KPMG (2016) *Safaricom: Ten years of True Earnings*.

POVERTY-RELATED ISSUES ADDRESSED IN SAFARICOM'S 2016 REPORTS (NOT EXHAUSTIVE)



WORKPLACE

- Number of jobs (direct and indirect) sustained over the year
- Employees by contract status
- Gender status at permanent employee, senior management and executive leadership level
- Gender salary distribution by management band
- Initiatives to drive greater gender representation
- 100% Human at Work initiative creating a work environment that celebrates diversity, promotes employee wellbeing, and provides equal status, rights and opportunities to all employees.



SUPPLY CHAIN

- Total procurement spend noting allocation to local suppliers; and supplier engagements and performance evaluations



MARKETPLACE

- Detailed disclosure reflecting on role of their products and services in contributing to poverty alleviation, through their various initiatives in health, education, agriculture and inclusive finance
- Launching of region's cheapest ride-sharing app with the lowest driver service fees



**EXTERNAL
OPERATING
ENVIRONMENT**

- Activities engaging business peers, e.g. by launching B Team: Africa initiative
- Sponsoring community initiatives through the Safaricom and M-Pesa Foundations
- Detailed independent assessment of indirect value contribution (both positive and negative) to the Kenyan economy, society and environment, using KPMG's "True Value" methodology



**CASE STUDY:
MINING AND MINERALS**

ANGLO AMERICAN

**“Delivering change,
building resilience”**

Founded in South Africa in 1917, Anglo American is a globally diversified mining business listed on the London and Johannesburg stock exchanges. It is the world's largest producer of platinum, and a major producer of diamonds, copper, nickel, iron ore and coal, with operations in Southern Africa, North and South America and Australia. Given Anglo American's 100-year history in South Africa, the role of the mining sector in the region's socio-economic development, and the country's legacy of racial inequality, the company provides an interesting case study on corporate action and disclosure on poverty-related issues.

Sustainability commitment

Anglo American has long been recognized as a sector leader for various aspects of its social performance and disclosure, including, for example, its work on socio-economic assessment and development, including enterprise and local supplier development, community health and HIV/Aids. It has recently approved a new Group sustainability strategy focusing on those areas “where we believe we can most effectively contribute



to SDG targets.”²⁴ The strategy includes specific targets and commitments relating to: job creation; health and wellbeing; education; accountability and stakeholder engagement; ethical value chains; policy advocacy; biodiversity; climate change; and water.

Approach to reporting

Anglo American's most recent relevant annual reports include:

- **Annual Report 2016**, comprising a strategic report, governance report and financial statements
- **Sustainability Report 2016: Delivering change, building resilience** (in accordance with the G4 Guidelines), with separate Sustainability Data 2012-2016
- **Tax and Economic Contribution Report 2016**, with a separate Project-by-project Appendix –acknowledged as a leading example of reporting on mining's contribution to society
- **Transformation Report 2016**, reviewing the company's progress “to contribute to South Africa becoming a more equitable and inclusive society”

Brief reference is made to the SDGs and community-related issues in the *Annual Report 2016*, with a detailed review of the company's performance and management approach on poverty-related issues in the *Sustainability Report 2016* and *Transformation Report 2016*. Although no reference is made specifically to SDG I, there is clear recognition of the strategic risks associated with the inequitable distribution of the benefits of economic growth, and of the “value in pursuing business strategies that are socially inclusive.”²⁵

24) *Anglo American Sustainability Report 2016*; p. 15.

25) *Anglo American Sustainability Report 2016*; p. 9.

POVERTY-RELATED ISSUES ADDRESSED IN ANGLO AMERICAN 2016 REPORTS (NOT EXHAUSTIVE)



WORKPLACE

- Direct and indirect jobs, including specifically for historically disadvantaged South Africans (HDSAs)
- Total wages paid
- Racial and gender diversity in management and workforce by company (internal percentages and compared with economically active population)
- Employee wellbeing initiatives, including on HIV/Aids, housing, and employee indebtedness
- Training and skills development: expenditure, including on HDSAs and by company
- Employee share ownership for HDSAs, by company
- Nature of human rights and labor rights due diligence measures



SUPPLY CHAIN

- Disclosure on supplier engagement and self-assessment program
- Preferential procurement practices targeting HDSA-owned and local companies: total expenditure and percentage total procurement by company
- Enterprise and supplier development, noting expenditure, number of transactions, business supported, people employed; female and youth supported



MARKETPLACE

- Details on mineral beneficiation activities, noting impact in empowering HDSAs



**EXTERNAL
OPERATING
ENVIRONMENT**

- Total tax (direct and indirect) and economic value distributed, including capital expenditure invested in the country, and payment to South African state-owned enterprises
- Nature of community engagement activities, and level of compliance with Anglo American Social Way, including number and nature of community grievances and social incidents
- Details on community resettlement activities
- Community development expenditure by focus area and company, including specific investments in job creation, infrastructure, education and health initiatives
- Partnership initiatives aimed at maximizing local and regional developmental opportunities

2.3 Existing standards and initiatives on business and poverty-related issues

There are numerous global standards and initiatives providing guidance to business on aspects of their sustainability performance, disclosure, or both, many of which have direct application to business and poverty. In identifying the actions that companies can take to contribute

to poverty alleviation, and the associated set of suggested poverty-related disclosures, this study builds on the existing standards and initiatives on business and poverty-related issues as shown in Table I below. Additional tools, standards and initiatives to assist companies and other organizations in addressing and reporting on their response to poverty can be found in Appendix I.

Table I:
Existing standards and initiatives on business and poverty-related issues used to identify the actions that companies can take to contribute to poverty alleviation and the associated set of suggested poverty-related disclosures

<p>Business Reporting on the SDGs » visit website</p>	<p>GRI and the UN Global Compact (UNGC), with the support of PwC, have established a collaborative two-year Action Platform designed to accelerate corporate reporting on the UN SDGs, by leveraging the GRI Standards and the ten UNGC principles to help businesses incorporate SDG reporting into their existing processes. One of the first outcomes of this initiative is the report <i>Business Reporting on the SDGs: An Analysis of the Goals and Targets</i>, which contains a list of existing disclosures that businesses can use; identifies gaps where disclosures are not available; and lists illustrative actions that businesses can take to make progress towards the SDGs.</p>
<p>The SDG Compass » visit website</p>	<p>Developed by GRI, the UNGC and the WBCSD, <i>The SDG Compass: A Guide for Business Action on the SDGs</i> provides guidance for companies on how they can align their strategies, as well as measure and manage their contribution to realizing the SDGs.</p>
<p>UNGC Oxfam Poverty Footprint » visit website</p>	<p>This is an assessment tool developed by Oxfam and the UN Global Compact that enables companies, working in collaboration with civil society partners, to understand the impacts of their operations and value chain on people and multi-dimensional poverty, and to turn this into action. Designed to help implement the SDGs, the outcome of a Poverty Footprint process is a comprehensive assessment of the positive and negative impacts a company and its value chain have on people living in poverty.</p>
<p>UN Guiding Principles Reporting Framework » visit website</p>	<p>The UN Guiding Principles Reporting Framework provides guidance for companies to report on how they respect human rights. Launched in 2015, the Framework includes a concise set of questions, supported by implementation guidance for reporting companies, and assurance guidance for internal auditors and external assurance providers. The Framework was developed through the Human Rights Reporting and Assurance Frameworks Initiative, through a global, consultative process co-facilitated by Shift and Mazars.</p>

<p>ISEAL Alliance » visit website</p>	<p>ISEAL's mission is to strengthen sustainability standards for the benefit of people and the environment. Its membership is open to all multi-stakeholder sustainability standards and accreditation bodies that demonstrate their ability to meet the ISEAL Codes of Good Practice and accompanying requirements, and commit to learning and improving. Of particular application from a poverty perspective is the Global Living Wage Coalition, which brings together six sustainability standards to improve wage levels in certified supply chains: Fairtrade International, Forest Stewardship Council, GoodWeave, Sustainable Agriculture Network/ Rainforest Alliance, UTZ Certified, and Social Accountability International. This includes developing a methodology for calculating a 'living wage'.</p>
<p>Future-Fit Business Benchmark » visit website</p>	<p>The Future-Fit Business Benchmark is a tool developed by the non-profit Future-Fit Foundation to help companies transform how they create long-term value, for themselves and society. It identifies environmental and social performance thresholds that companies should strive to reach, and outlines a way to assess progress toward this. The Benchmark includes 23 Break-even Goals, each with its own 'actions guide', grouped into four areas: fostering wellbeing, respecting nature, optimizing resources and strengthening society. Several of these goals have direct application to actions that contribute to poverty alleviation, including paying employees at least a living wage; fair employment terms; and procurement practices.</p>
<p>LBG Framework » visit website</p>	<p>LBG is a methodology for businesses to measure what they invest in the community and what changes occur as a result of these investments. LBG helps companies understand and analyze their contributions, enabling them to act more strategically. The Framework's 'type' and 'depth' of impact model enables business to measure its outcomes in different degrees and aggregate project-level impacts into a coherent narrative.</p>
<p>ISO 26000 » visit website</p>	<p>ISO 26000:2010 provides guidance to all types of organizations, regardless of their size or location, on the principles, practices, core subjects and issues relating to social responsibility. Unlike some other ISO standards, it is not intended for certification purposes. From the perspective of reporting on poverty, it provides guidance on actions and expectations relating to human rights; labor practices; social responsibility in the value chain; access to essential services; community involvement; employment creation and skills development; and wealth and income creation.</p>
<p>WBCSD Action 2020 » visit website</p>	<p>Developed by WBCSD, Action 2020 is roadmap on how business can positively influence social and environmental trends, while strengthening their resilience to societal issues. The initiative identifies nine priority areas (e.g. 'Basic Needs and Rights'), and a set of measurable and scalable business solutions (e.g. 'Rural Livelihoods Initiative' and 'Inclusive Business Models') aimed at delivering medium-term action that will contribute to WBCSD's Vision 2050.</p>

2.4 Identifying poverty-related disclosures by area

In seeking to drive more and better reporting on poverty, an important objective of this discussion paper is to 'demystify' the concept of poverty, and to provide some suggested clarity regarding the nature of corporate actions and reporting practices on poverty-related issues across business activities and relationships. In the two separate phases of the study, the research reviewed a selection of recent company reports, with the aim of assessing the quality of existing corporate disclosure on poverty, and identifying opportunities for further improvement in both reporting and performance.

Informed by the approach to poverty suggested earlier, and by the review of recent company reports and selected standards and initiatives on business and poverty-related issues, a preliminary set of suggested disclosures was developed, covering each of the four broad areas of a

company's activities and relationships and the associated set of actions. This list formed the basis of discussion at an expert workshop at GRI's Amsterdam office in November 2017, and it was subsequently revised based on the workshop outcomes and a further round of engagement with workshop participants.

The outcome of this process is presented in the following table, which identifies a proposed set of poverty-related disclosures and some suggested relevant GRI Standards and disclosures, for each of the areas of activity and relationships. This list is based on preliminary research, and is not intended to constitute an exhaustive or final review of all relevant disclosures. The main aim of this table is to assist companies in understanding the practical implications of reporting on poverty-related issues across their various areas of activity and relationships, and to assist GRI in identifying further opportunities for driving more and better reporting and performance in the area of poverty.

Table 2:
Suggested poverty-related disclosures by company area of activity and relationships²⁶

 WORKPLACE	
Providing employment opportunities	<p>Suggested poverty-related disclosures (<i>not exhaustive</i>)</p> <ul style="list-style-type: none"> • Number of jobs supported or lost (direct and where possible indirect) • Number of permanent, seasonal, occasional workers – including use of labor brokers • Nature of opportunities created specifically for disadvantaged or marginalized communities including localized job creation and opportunities for the lower-skilled • Nature of diversity in management and employee teams <p>Suggested relevant GRI Standards and disclosures</p> <ul style="list-style-type: none"> • GRI 102: General Disclosures Disclosure 102-8 Information on employees and other workers • GRI 202: Market Presence Disclosure 202-2 Proportion of senior management hired from the local community • GRI 401: Employment Disclosure 401-1 New employee hires and employee turnover • GRI 405: Diversity and Equal Opportunity Disclosure 405-1 Diversity of governance bodies and employees

²⁶) For each area, it is suggested that companies also consider disclosing the assessed societal outcomes and impacts of the actions mentioned in that area.



WORKPLACE (CONTINUED)

Paying a living wage

Suggested poverty-related disclosures (not exhaustive)

- Prevailing wages in relation to locally legislated minimum wage and a recognized Living Wage Benchmark²⁷ in given country context
- Ratio between top and median salaries

Suggested relevant GRI Standards and disclosures

- **GRI 102: General Disclosures**
Disclosure 102-38 Annual total compensation ratio
Disclosure 102-39 Percentage increase in annual total compensation ratio
- **GRI 201: Economic Performance**
Disclosure 201-1 Direct economic value generated and distributed
- **GRI 202: Market Presence**
Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage
- **GRI 405: Diversity and Equal Opportunity**
Disclosure 405-2 Ratio of basic salary and remuneration of women to men

Ensuring fair working conditions and worker benefits

Suggested poverty-related disclosures (not exhaustive)

- Nature and range of company benefits for permanent vs. part-time contractual workers (including, but not limited, to housing, medical care, sickness benefits, unemployment benefits, maternity benefits, survivors' benefits for family), noting relationship with any existing social security opportunities
- Nature of workplace conditions relating to worker safety, occupational health and wellness (physical, mental and financial), including provision for gender-specific issues
- Employee shareholding opportunities: numbers and scale
- Employee development and training opportunities, noting e.g. nature of training, hours provided, number of employees trained, expenditure and any assessments on impact
- Nature of HR processes, noting e.g. provisions for job descriptions and grading, employment contracts, performance management, discipline processes and grievance mechanisms

Suggested relevant GRI Standards and disclosures

- **GRI 102: General Disclosures**
Disclosure 102-17 Mechanisms for advice and concerns about ethics
- **GRI 201: Economic Performance**
Disclosure 201-3 Defined benefit plan obligations and other retirement plans
- **GRI 401: Employment**
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
- **GRI 403: Occupational Health and Safety**
Disclosure 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
- **GRI 404: Training and Education**
Disclosure 404-1 Average hours of training per year per employee
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs

²⁷) See, for example, the *methodology for calculating a living wage* developed by the Global Living Wage Coalition.



WORKPLACE (CONTINUED)

Respecting labor rights

Suggested poverty-related disclosures (*not exhaustive*)

- Policy commitment to respect employee rights, implementing internationally agreed principles on human rights and labor rights in accordance with ILO's International Labour Standards
- Nature of collective bargaining arrangements and rights of association and actions taken to foster effective management and employee dialogue
- Details on union rights and memberships, noting any trends regarding strike action
- Number and nature of reported violations of labor rights in the last three years, noting general trend, and potential impact on vulnerable or disadvantaged groups
- Evidence that a grievance process is in use and working

Suggested relevant GRI Standards and disclosures

- **GRI 102: General Disclosures**
Disclosure 102-41 Collective bargaining agreements
- **GRI 103: Management Approach**
Disclosure 103-2 The management approach and its components
- **GRI 402: Labor/Management Relations**
Disclosure 402-1 Minimum notice periods regarding operational changes
- **GRI 406: Non-discrimination**
Disclosure 406-1 Incidents of discrimination and corrective actions taken
- **GRI 407: Freedom of Association and Collective Bargaining**
Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
- **GRI 408: Child Labor**
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor
- **GRI 409: Forced or Compulsory Labor**
Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor
- **GRI 412: Human Rights Assessment**
Disclosure 412-1 Operations that have been subject to human rights reviews or impact assessments



SUPPLY CHAIN

Identifying and minimizing exploitative supply chain activities

Suggested poverty-related disclosures (*not exhaustive*)

- Evidence of identifying and disclosing salient human and labor rights risks in vulnerable groups across the supply chains, including areas where freedom of association and collective bargaining may be at risk, and any disputed rights regarding access to land and resources, reporting trends over time
- Evidence of screening and monitoring of major suppliers for compliance with labor rights, with details on supply chain assessments, audits, and compliance follow-up, with specific focus on empowerment of historically marginalized groups
- Number of incidents of unfair practices reported in supply chain, and nature of response measures

 SUPPLY CHAIN (CONTINUED)

Identifying and minimizing exploitative supply chain activities (continued)

Suggested poverty-related disclosures (not exhaustive) (continued)

- Nature of supply chain wages, including average yearly income of potentially vulnerable groups in the value chain, noting absolute rates and minimum or living wage rates, and level of dependency on the reporting organization

Suggested relevant GRI Standards and disclosures

- **GRI 102: General Disclosures**
Disclosure 102-6 Markets served
Disclosure 102-9 Supply chain
Disclosure 102-10 Significant changes to the organization and its supply chain
- **GRI 103: Management Approach**
Disclosure 103-1 Explanation of the material topic and its Boundary
- **GRI 203: Indirect Economic Impacts**
Disclosure 203-2 Significant indirect economic impacts
- **GRI 308: Supplier Environmental Assessment**
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken
- **GRI 407: Freedom of Association and Collective Bargaining**
Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
- **GRI 408: Child Labor**
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor
- **GRI 409: Forced or Compulsory Labor**
Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor
- **GRI 414: Supplier Social Assessment**
Disclosure 414-1 New suppliers that were screened using social criteria
Disclosure 414-2 Negative social impacts in the supply chain and actions taken
- **GRI 419: Socioeconomic Compliance**
Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area

Fostering opportunities for inclusive economic benefits

Suggested poverty-related disclosures (not exhaustive)

- Evidence of procurement policy specifically identifying and realizing opportunities for more vulnerable groups and that seek to tackle the root cause of poverty
- Nature of enterprise and supplier development initiatives – e.g. through provision of financing, skills transfer and/or targeted procurement
- Evidence of fair prices and timely payment to more vulnerable suppliers

Suggested relevant GRI Standards and disclosures

- **GRI 203: Indirect Economic Impacts**
Disclosure 203-2 Significant indirect economic impacts
- **GRI 204: Procurement Practices**
Disclosure 204-1 Proportion of spending on local suppliers

 MARKETPLACE

Developing inclusive products and services

Suggested poverty-related disclosures (*not exhaustive*)

- Evidence of consideration of profitable product or service offerings that deliver socio-economic benefits in vulnerable groups, including for example products or services that: are specifically targeted at low income segments; deliver financial inclusion; and/or offer additional economic opportunities through being more labor intensive

Suggested relevant GRI Standards and disclosures

- **GRI 203: Indirect Economic Impacts**
Disclosure 203-2 Significant indirect economic impacts

Identifying and mitigating potentially regressive products and services

Suggested poverty-related disclosures (*not exhaustive*)

- Evidence of assessment and disclosure of potentially exploitative, regressive or harmful products and services that impact on more vulnerable groups, and nature of any response measures taken

Suggested relevant GRI Standards and disclosures

- **GRI 206: Anti-competitive Behavior**
- **GRI 416: Customer Health and Safety**
Disclosure 416-1 Assessment of the health and safety impacts of product and service categories
- **GRI 417: Marketing and Labeling**
- **GRI 419: Socioeconomic Compliance**
Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area

 EXTERNAL OPERATING ENVIRONMENT

Community engagement initiatives

Suggested poverty-related disclosures (*not exhaustive*)

- Nature of consultation or engagement mechanisms with vulnerable communities to identify concerns
- Assessing and disclosing vulnerability to economic, social, climate and environmental hazards in neighboring communities; nature of measures taken to build resilience in vulnerable groups
- Disclosure on existing or potential competition with vulnerable communities regarding access to resources, noting e.g. details on: proportion of use by company vs. community; nature of access and ownership to productive assets; company's tenure arrangements over resources
- Number and type of controversies in last three years concerning the company's use or management of local natural resources
- Policy for obtaining and maintaining free, prior and informed consent of indigenous peoples throughout lifecycle of projects affecting them

Suggested relevant GRI Standards and disclosures

- **GRI 303: Water**
Disclosure 303-2 Water sources significantly affected by withdrawal of water
- **GRI 411: Rights of Indigenous Peoples**
Disclosure 411-1 Incidents of violations involving rights of indigenous peoples
- **GRI 413: Local Communities**
- **GRI 419: Socioeconomic Compliance**
Disclosure 419-1 Non-compliance with laws and regulations in the social and economic area

 EXTERNAL OPERATING ENVIRONMENT (CONTINUED)

Corporate social investment

Suggested poverty-related disclosures (not exhaustive)

- Nature of corporate social investments targeting vulnerable groups, noting: absolute expenditure; percentage of profit; nature of contribution of volunteer employee hours, company expertise and/or in-kind provision; and nature and location of funded focus areas, including specifically any investment in poverty-related services such as education, health and infrastructure, or in facilitating access to fair and affordable goods, services and livelihood opportunities for people living in poverty
- Evidence of link to delivery of company strategy and possible identification or piloting of inclusive business opportunities, as well as link to global, national, local poverty-related challenges and commitments

Suggested relevant GRI Standards and disclosures

- **GRI 102: General Disclosures**
Disclosure 102-15 Key impacts, risks, and opportunities
- **GRI 201: Economic Performance**
Disclosure 201-1 Direct economic value generated and distributed
- **GRI 203: Indirect Economic Impacts**
Disclosure 203-1 Infrastructure investments and services supported
- **GRI 412: Human Rights Assessment**
Disclosure 412-1 Operations that have been subject to human rights reviews or impact assessments
Disclosure 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

Public advocacy and policy reform

Suggested poverty-related disclosures (not exhaustive)

- Disclosure on company's engagement in lobbying activities that have a bearing on vulnerable communities, and evidence of exercising leverage over government or politicians
- Membership of multi-stakeholder initiatives, sector initiatives, voluntary standards, industry associations or other groups that seek to influence business practices or policies and regulatory frameworks impacting on vulnerable groups
- Disclosure on real or potential conflicts of interest that present potential impacts on poverty

Suggested relevant GRI Standards and disclosures

- **GRI 102: General Disclosures**
Disclosure 102-12 External initiatives
- **GRI 205: Anti-corruption**
- **GRI 415: Public Policy**
Disclosure 415-1 Political contributions

Payment of taxes

Suggested poverty-related disclosures (not exhaustive)

- Nature of tax disclosure policy
- Transparency on tax disclosure – ideally by region

Suggested relevant GRI Standards and disclosures

- **GRI 201: Economic Performance**
Disclosure 201-1 Direct economic value generated and distributed
Disclosure 201-4 Financial assistance received from government

3 RECOMMENDATIONS AND WAY FORWARD

The review of current corporate reporting practice and action on poverty-related issues undertaken in both phases of this study, and the engagement with leading practitioners in this field, has identified various opportunities for reporting companies and GRI to drive more and better reporting on poverty, with the aim of catalyzing improved performance. The recommendations provided below build on those in the preceding GRI report *Can corporate reporting help end poverty?*

An important objective of these recommendations is to foster a more nuanced appreciation – among both reporting companies and their stakeholders – of the extent of the company's existing contribution (positive and negative) to poverty alleviation by providing a common understanding of what constitutes 'poverty alleviation' for reporting purposes, and by encouraging better disclosure on the societal impacts and outcomes of company action.

In the belief that the greatest potential for scalable and systemic solutions lies in integrating approaches to contributing to poverty alleviation within the company's areas of activity and relationships, and given the finding of the earlier study that many companies are not focusing on the actions that contribute to poverty alleviation with the highest impact, an associated objective is to encourage the identification of the strategic risks and commercial opportunities that poverty presents for companies' business models, with the aim of stimulating greater uptake of more integrated and scalable solutions.

3.1 Recommendations for reporting companies

As a general recommendation, companies are encouraged to be more explicit in reporting on: their understanding of poverty and the implications of the poverty context for

their business; the nature of their actions that contribute to poverty alleviation; and their assessment of the societal impact and outcomes of these actions and how this assessment informs decisions. This general suggestion is reviewed in more detail through the following specific recommendations:

- **Reference poverty context** – companies are encouraged to consider and report on the nature and extent of the poverty context throughout their operations and supply chain, with reference to relevant national, regional and global developmental goals, ideally, assessing the effect on the business model, noting risks and commercial opportunities.
- **Be consistent and measurable** – companies are encouraged to report on their actions that contribute to poverty alleviation in a more consistent and measurable manner, to facilitate benchmarking and drive accountability. The suggested disclosures identified in section 2.4 are proposed as a first step.
- **Look beyond SDG 1** – many of the SDGs have direct application to poverty alleviation and some may be seen as more actionable and specific to the company than SDG 1. Companies should be encouraged to reflect on how their disclosure on these other SDGs has a bearing on poverty alleviation more broadly, informed by the suggested disclosures in section 2.4.
- **Look at the broader outcomes** – companies are encouraged to make greater provision for assessing and disclosing the broader societal outcomes and impacts of their actions. While there are numerous tools and techniques available to help, the outcomes-based Theory of Change approach is seen to be particularly valuable.
- **Link impacts to strategy** – companies are encouraged to demonstrate the societal impacts and outcomes of corporate social investments, and to clarify how these relate to the company's core strategic objectives, with the

28) A useful overview is provided in WBCSD (2013) *Measuring socio-economic impact: A guide for business*; see also Appendix 1.

aim of using corporate social investment as a means for leveraging more effective longer-term solutions.

3.2 Next steps for GRI

- Building on the approach and findings outlined in this document – including in particular the proposed set of poverty-related disclosures and suggested relevant GRI Standards outlined in section 2.4 – GRI will identify opportunities for providing further guidance to companies on poverty-related reporting. Informed by ongoing discussions in the *Corporate Action Group for Reporting on the SDGs*, this will include:
 - » Identifying specific issues to be considered in revising existing GRI Standards and developing potential new Standards
 - » Promoting greater alignment and consistency in the understanding of 'poverty' and on the practical application of SDG 1
 - » Potentially defining a methodology for reporting on poverty that will result in impact disclosure that is more useful for reporting companies and their stakeholders
- Recognizing the growing potential for business development opportunities to deliver both competitive advantage and societal benefit at scale, GRI will review opportunities to identify and share leading examples of corporate disclosure and action on inclusive business opportunities, with the aim of stimulating greater awareness and uptake of these initiatives and informing the development of relevant reporting standards and guidance.
- GRI will continue its work with external stakeholder groups to deepen appreciation of the nature and value of GRI reporting, and of their role as stakeholders in using these reports to foster greater accountability, innovation and performance on poverty-related issues.
- GRI will further its efforts in driving the uptake of effective reporting practice within and amongst companies and countries in those regions where poverty is most prevalent (such as sub-Saharan Africa and Southeast Asia), informing policy developments, building reporting capacity and sharing examples of leading poverty-related disclosures and actions, with a particular emphasis on those disclosures and actions that are scalable or systemic.

APPENDIX I – ADDITIONAL RESOURCES

The following tools, standards and initiatives are useful additional resources to assist companies and other organizations in addressing and reporting on their response to poverty.

Anglo American Socio-Economic Assessment Toolbox

Business Against Corruption: A Framework for Action

Business Call to Action

Business for the Rule of Law Framework

Business Reporting on the SDGs

Children's Rights and Business Principles

Children's Rights in Sustainability Reporting

Disability in Sustainability Reporting

Extractive Industries Transparency Initiative

Food and Agriculture Business Principles

Future-Fit Business Benchmark

GEMI Metrics Navigator

Grameen Foundation Progress out of Poverty Index

GRI Standards

IGD Impact Measurement Framework

ILO's International Labour Standards

IRIS metrics

ISO 26000

KPMG True Value

Land Tenure Rights

LBG Framework

NEF Consulting: Social Return on Investment

OECD Global Social Impact Initiative

Oxford Poverty and Human Development Initiative

PwC Total Impact Measurement and Management

Rockefeller Foundation Impact Reporting

SDG Compass

Shared Value Initiative

Theory of Change

UN Guiding Principles on Business and Human Rights

United Nations Global Compact

UNGC Oxfam Poverty Footprint

Voluntary Principles on Security and Human Rights

WBCSD Action 2020

WBCSD Measuring Impact Framework

Women's Empowerment Principles

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