

GRI Universal Standards: GRI 101, GRI 102, and GRI 103 – Exposure draft

11 June 2020

Comments to be received by 9 September 2020

This exposure draft of the Universal Standards: GRI 101, GRI 102, and GRI 103 has been published for public comment by the [Global Sustainability Standards Board](#) (GSSB), the independent standard setting body of GRI.

The exposure draft is structured as follows:

- [GRI 101: Using the GRI Standards](#) (lines 1 – 830)
- [GRI 102: About the Organization](#) (lines 831 – 2205)
- [GRI 103: Material Topics](#) (lines 2206 – 2890)
- [Glossary](#) (lines 2891 – 3184)

The exposure draft is accompanied by the following three documents:

- [Explanatory memorandum](#) sets out the objectives for the review of GRI's Universal Standards, the significant proposals contained in the exposure draft, and a summary of the GSSB's involvement and views on the development of the draft.
- [GRI Sector Program information sheet](#) helps reviewers understand references to the GRI Sector Standards included in the exposure draft.
- [Mapping document](#) provides an overview of the changes between the disclosures in *GRI 102: General Disclosures 2016* and *GRI 103: Management Approach 2016* and the exposure draft of the Universal Standards.

This draft is published for comment only and may change based on public feedback before its official release.

Any interested party can submit comments on the draft by 9 September 2020 using [this survey](#).

For more information, please visit the [GRI Standards website](#). If you have additional questions about the project, the exposure draft, or the public comment period, please send an email to universal@globalreporting.org.

Users can navigate to specific sections of the exposure draft using the bookmarks available in most browsers and in Adobe Acrobat Reader.

Note that this document includes internal links and hyperlinks to other Standards. In most browsers, using 'ctrl' + click will open external links in a new browser window. After clicking on a link, use 'alt' + left arrow to return to the previous view.

| GRI 101: Using the GRI Standards

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23 Note 1: Defined terms are underlined in the text of the GRI Standards and hyperlinked to their
24 definitions in the Glossary.

25 Note 2: The disclosure codes used in the exposure draft of the Universal Standards (e.g., REP-I,
26 ACT-I, GOV-I, RBC-I, SE-I, MT-I) are not the final disclosure codes. They are intended for the
27 purpose of the public comment, to help users distinguish these disclosures from the existing
28 disclosures in *GRI 102: General Disclosures 2016* and *GRI 103: Management Approach 2016*.

29 1. Introduction

30 1.1 Sustainability reporting and the GRI Standards

31 'Sustainable development is development that meets the needs of the present without compromising
32 the ability of future generations to meet their own needs'.¹ Through their activities and business
33 relationships, organizations impact the economy, environment, and people, and in turn make
34 negative and positive contributions to sustainable development.

35 The GRI Sustainability Reporting Standards (GRI Standards) enable an organization to publicly
36 disclose its most significant impacts and how it manages these impacts, in accordance with a globally-
37 accepted standard. This allows information users to make informed assessments and decisions about
38 the organization.

39 The GRI Standards are designed to be used by any organization – large or small, private or public,
40 regardless of sector, location, and reporting experience. The Standards create a common language
41 for organizations to report on their impacts in a consistent and credible way. This enhances the
42 global comparability and quality of this information and enables greater transparency and
43 accountability of organizations.

44 1.2 How to use the GRI Standards

45 The GRI Standards cover disclosures on a wide range of sustainable development topics. They have
46 been developed to help an organization prepare and report information that focuses on its material
47 topics. Material topics are topics that reflect the organization's most significant impacts on the
48 economy, environment, and people, including impacts on human rights.

49 The Standards provide a flexible framework for reporting. Organizations can either report on all
50 their material topics in accordance with the GRI Standards, or they can use selected GRI Standards,
51 or parts of their content, to report information with reference to the GRI Standards.

52 **Reporting in accordance with the GRI Standards**

53 Reporting in accordance with the GRI Standards provides a complete and balanced picture of an
54 organization's material topics and related impacts and how it manages these topics. The
55 requirements for an organization reporting in accordance with the GRI Standards (Approach A) are
56 set out in [Section 3.1](#) of this Standard.

57 **Reporting with reference to the GRI Standards**

58 An organization can use selected GRI Standards, or parts of their content, to report information
59 that meets the needs of specific information users for specific purposes, such as complying with
60 regulatory requirements. The requirements for an organization reporting with reference to the GRI
61 Standards (Approach B) are set out in [Section 3.2](#) of this Standard.

62 **Format of reported information**

63 The information reported using the GRI Standards can be published or made accessible in a range of
64 formats (e.g., electronic, paper-based) across one or more locations (e.g., standalone sustainability

¹ World Commission on Environment and Development, *Our Common Future*, 1987.

65 report, webpages, annual report). The term ‘reported information’ in the GRI Standards is used to
66 refer to this information.

67 The term ‘sustainability reporting’, as used in the GRI Standards, refers to the entire process of
68 reporting, from identifying material topics to reporting the disclosures.

69 1.3 Structure of the GRI Standards

70 The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and
71 Topic Standards.

72 **Universal Standards**

73 **GRI 101: Using the GRI Standards** is the starting point for all organizations. It introduces the
74 system of GRI Standards and explains how they are to be used. This Standard applies to all
75 organizations using the Standards, whether reporting in accordance with or with reference to the
76 Standards.

77 **GRI 102: About the Organization** contains disclosures for contextual information about the
78 organization. These include disclosures that provide details about the organization and its reporting
79 practices, activities, governance, responsible business conduct policies and practices, and stakeholder
80 engagement.

81 **GRI 103: Material Topics** includes guidance for identifying material topics, and contains disclosures
82 about the organization’s material topics and related impacts, how it identifies its material topics, and
83 how it manages each material topic.

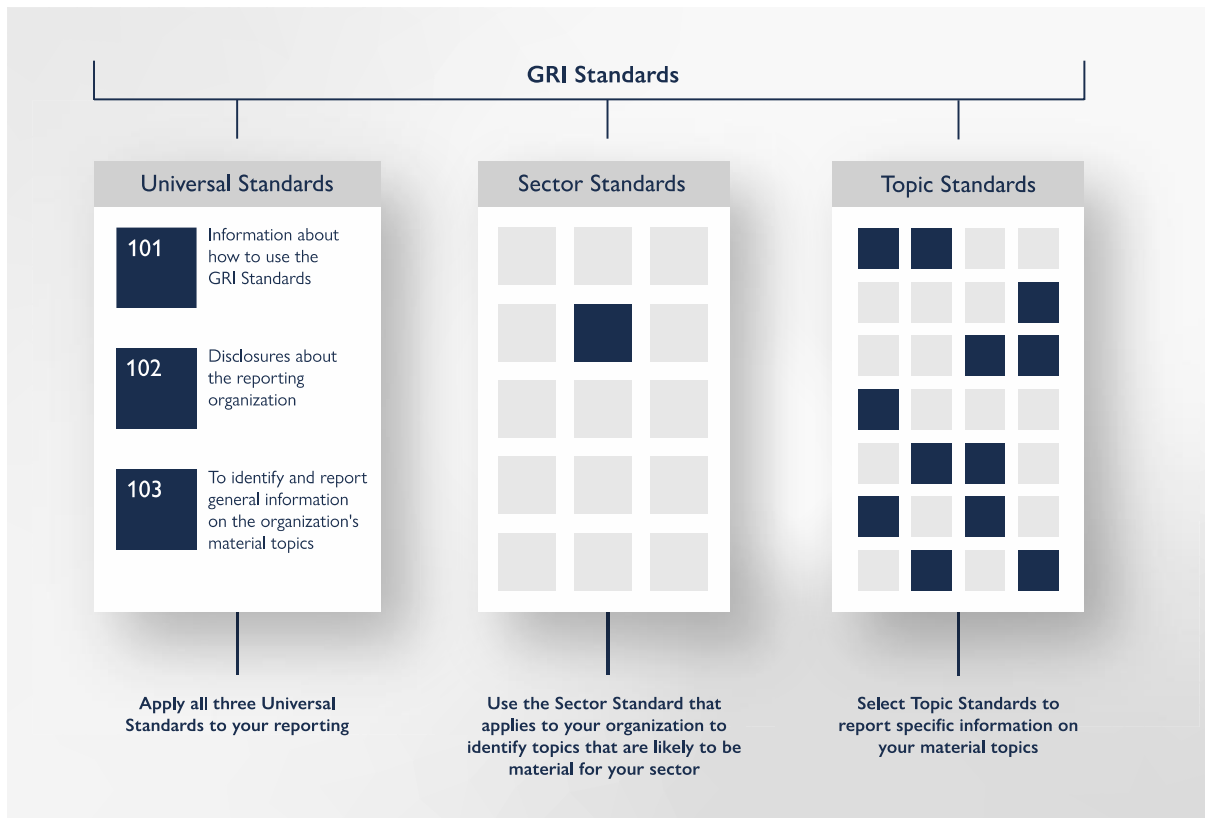
84 **Sector Standards**

85 The Sector Standards provide information on the most likely material topics for organizations in a
86 given sector. The organization uses the applicable Sector Standard(s) to assist in identifying its
87 material topics and what to report for each material topic.

88 **Topic Standards**

89 The Topic Standards include disclosures that provide information on particular topics. The
90 organization selects and uses the Topic Standards that correspond to the material topics it has
91 identified.

92 **Figure I. GRI Standards: Universal, Sector, and Topic Standards**



93 **1.4 Requirements, guidance, and defined terms**

94 The following apply throughout the GRI Standards:

95 **Requirements** are presented in bold font and indicated with the word 'shall'.

96 **Guidance** sections include background information, explanations, and examples to help
 97 organizations better understand the requirements.

98 The guidance sections also include 'should' statements, which indicate recommendations, and 'can'
 99 statements, which indicate a possibility or an option.

100 The organization is not required to comply with guidance.

101 **Defined terms** are underlined in the text of the GRI Standards and hyperlinked to their definitions
 102 in the [Glossary](#). The organization is required to apply the definitions in the Glossary.

103 **1.5 Overview of this Standard**

104 *GRI 101: Using the GRI Standards* is the starting point for an organization to understand and apply the
 105 GRI Standards. The rest of this Standard is structured as follows:

- 106 • [Section 2](#) explains key concepts that are used throughout the GRI Standards. These are
 107 critical to understanding how to prepare and report information with the Standards.
- 108 • [Section 3](#) sets out the two ways in which the GRI Standards can be used and presents the
 109 specific statements of use that these require.

- 110 • [Section 4](#) presents the reporting principles, which are fundamental to ensuring the quality of
111 the reported information.
- 112 • [Section 5](#) includes recommendations on aligning sustainability reporting with other types of
113 reporting and on methods for enhancing the credibility of reporting.

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114 2. Key concepts in the GRI Standards

115 This section explains concepts that lay the foundation for sustainability reporting. Understanding
116 how these concepts are used in the Standards is essential for reporting as well as interpreting the
117 information reported using the GRI Standards.

118 2.1 Impact

119 In the GRI Standards, impact refers to the effect an organization has or could have on the economy,
120 environment, or people, including on human rights, as a result of its activities or business
121 relationships. These impacts can be actual or potential, negative or positive, short-term or long-
122 term, intended or unintended, and reversible or irreversible. These impacts indicate the
123 organization's contribution, negative or positive, to sustainable development.

124 The organization's impacts on the economy refer to the impacts on economic systems at local,
125 national, and global levels. An organization can impact the economy through, for example, its taxes
126 and payments to governments, its procurement practices, or its competition practices.

127 The organization's impacts on the environment refer to the impacts on living and non-living natural
128 systems, including land, air, water, and ecosystems. An organization can impact the environment
129 through, for example, its use of water, energy, land, and other natural resources.

130 The organization's impacts on people refer to the impacts on individuals and groups. Individuals or
131 groups that have interests that are, or could be, affected by the organization's activities and decisions
132 are referred to as stakeholders (see [Section 2.4](#) of this Standard). An organization can impact people
133 through, for example, its employment practices (such as the wages it pays to employees), its supply
134 chain (such as the working conditions of workers making the organization's products), and its
135 products and services (such as their safety or affordability). The most acute impacts an organization
136 can have on people are those that negatively affect their human rights.

137 2.2 Material topic

138 An organization might identify many impacts on which to report. When using the GRI Standards, the
139 organization prioritizes reporting on those topics that reflect its most significant impacts on the
140 economy, environment, and people, including impacts on human rights. In the GRI Standards, these
141 are the organization's material topics.

142 Examples of topics could be anti-corruption, water and effluents, or occupational health and safety.
143 A topic need not be limited to one dimension, i.e., only the economy, or the environment, or
144 people; it can cover impacts across all these three dimensions. For example, an organization might
145 identify 'water and effluents' as a material topic based on the impacts its water use has on natural
146 ecosystems as well as on local communities' access to water. The GRI Standards group impacts
147 under topics, like 'water and effluents', to help organizations report in a more cohesive way on
148 multiple impacts that relate to the same topic.

149 In order to prioritize its most significant impacts for reporting, the organization needs to assess the
150 significance of the impacts. The significance of a negative impact is assessed based on its severity
151 (scale, scope, and irremediable character) and likelihood. In the case of potential negative human
152 rights impacts, the severity of the impact takes precedence over its likelihood. The significance of a
153 positive impact is assessed based on its scale, scope, and likelihood. See [Section 2 of GRI 103:](#)
154 [Material Topics](#) for more information on assessing the significance of impacts.

155 **Box I. Reporting using different materiality perspectives**

156 The GRI Standards focus on an organization's most significant impacts outward: on the economy,
157 environment, and people, including impacts on human rights. These impacts can have negative or
158 positive consequences for the organization itself (such as operationally or reputationally, and
159 therefore in many cases financially). For example, an organization's high use of non-renewable energy
160 contributes to climate change and could at the same time result in increased operating costs due to
161 legislation that seeks to shift energy use toward renewable sources.

162 The outward impacts of an organization are therefore also important for those interested in the
163 financial performance and long-term success of the organization. Understanding an organization's
164 impacts outward is necessary in order to identify financially material risks, opportunities, and impacts
165 for the organization.

166 An organization may want to report on its impacts outward as well as the financially material risks,
167 opportunities, and impacts it faces as a result of these outward impacts, in an annual report or an
168 integrated report, for example. When doing so, it is important for the organization to report on all
169 its material topics identified using the GRI Standards, in order to report in accordance with the GRI
170 Standards. The material topics identified using the GRI Standards need to be prioritized in their own
171 right and cannot be deprioritized on the basis that they are not financially material.

172 **2.3 Due diligence**

173 Due diligence is the process through which an organization identifies, prevents, mitigates, and
174 accounts for how it addresses its actual and potential negative impacts on the economy,
175 environment, and people, including impacts on human rights. The organization should address
176 potential negative impacts through prevention or mitigation. It should address actual negative
177 impacts through remediation, in cases where it identifies it has caused or contributed to those
178 impacts.

179 The way an organization is involved with negative impacts is important for determining how to
180 address the impacts:

- 181 • The organization should avoid causing or contributing to negative impacts through its own
182 activities, and address such impacts when they occur by providing for or cooperating in their
183 remediation through legitimate processes.
- 184 • In the case of negative impacts that are directly linked to the organization's operations,
185 products, or services by its business relationships, the organization should seek to prevent
186 or mitigate these impacts even if it has not contributed to them. The organization does not
187 have a responsibility to provide for remediation of these impacts, but it can play a role in
188 doing so.

189 If it is not feasible to address all identified impacts at once, the organization should prioritize the
190 order in which it addresses negative impacts based on their severity and likelihood. In the case of
191 potential negative human rights impacts, the severity of the impact takes precedence over its
192 likelihood.

193 Due diligence is elaborated by the United Nations (UN) *Guiding Principles on Business and Human*
194 *Rights*, the Organisation for Economic Co-operation and Development (OECD) *OECD Guidelines for*
195 *Multinational Enterprises*, and the OECD *Due Diligence Guidance for Responsibility Business Conduct*.

196 2.4 Stakeholder

197 Stakeholders are individuals or groups that have interests that are, or could be, affected by an
198 organization's activities and decisions.² Common categories of stakeholders for organizations include
199 business partners, civil society organizations, consumers, customers, employees and other workers,
200 governments, local communities, non-governmental organizations, shareholders, suppliers, trade
201 unions, and vulnerable groups.

202 In the GRI Standards, an interest (or 'stake') is something of value to an individual or group that can
203 be affected by the activities and decisions of an organization. Stakeholders can have more than one
204 interest. Not all interests are of equal importance and they do not need to be treated equally.

205 Stakeholder interests can be negatively or positively affected by the organization's activities and
206 decisions. Due diligence focuses on identifying individuals or groups whose interests, such as their
207 human rights, are or could be negatively affected by the organization's activities and decisions.

208 Stakeholders do not need to have a direct relationship with the organization; for example, the
209 workers in the organization's supply chain can also be its stakeholders. The organization should also
210 identify the interests of those who are unable to articulate their views (e.g., future generations).
211 Moreover, stakeholders might themselves be unaware that they are stakeholders of a particular
212 organization, especially if they have not yet been affected by its activities and decisions.

213 Not all of an organization's stakeholders will be affected by all activities and decisions of the
214 organization. The organization needs to identify the stakeholders whose interests have to be taken
215 into account in connection with a specific activity or decision (i.e., the relevant stakeholders).

216 The organization might not be able to engage with all relevant stakeholders directly. In these cases,
217 the organization can engage with credible stakeholder representatives or proxy organizations (e.g.,
218 non-governmental organizations, representative public bodies).

219 In addition to engaging with stakeholders, the organization can also consult with experts on specific
220 issues or contexts (e.g., non-governmental organizations, academics) for advice, such as for
221 identifying and managing its impacts.

222 Sometimes it is necessary to distinguish between stakeholders whose interests have been affected
223 (i.e., affected stakeholders), and those whose interests have not yet been affected but could
224 potentially be affected (i.e., potentially affected stakeholders). For example, if an organization's
225 activity results in a safety hazard, workers who are injured because of the hazard are affected
226 stakeholders, and workers who have not yet been injured but who are exposed to the hazard and
227 could be injured are potentially affected stakeholders.

228 These distinctions are important in due diligence. In the example of the safety hazard, identifying
229 workers who are injured is necessary to determine which workers should receive remedy.

² Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

230 3. Sustainability reporting using the GRI 231 Standards

232 The organization can select between two approaches for using the GRI Standards:

233 **A. Reporting in accordance with the GRI Standards:** The organization uses the set of
234 GRI Standards to report on its most significant impacts on the economy, environment, and
235 people.

236 **B. Reporting with reference to the GRI Standards:** The organization uses selected GRI
237 Standards, or parts of their content, to report information about specific topics.

238 Each approach to reporting with the GRI Standards has a set of requirements and a corresponding
239 statement of use that the organization is to use once it meets these requirements. These
240 requirements and statements are set out in Sections 3.1 and 3.2.

241 **Table I. Overview of requirements for Approaches A and B**

Approach A: Reporting in accordance with the GRI Standards	Approach B: Reporting with reference to the GRI Standards
Requirement A-1: Apply the reporting principles Requirement A-2: Report the disclosures in <i>GRI 102</i> Requirement A-3: Identify material topics Requirement A-4: Report the disclosures in <i>GRI 103</i> Requirement A-5: Report appropriate disclosures for each identified material topic Requirement A-6: Publish a GRI content index Requirement A-7: Provide a statement of use Requirement A-8: Notify GRI	Requirement B-1: Publish a GRI content index Requirement B-2: Provide a statement of use Requirement B-3: Notify GRI

242 3.1 Approach A: Reporting in accordance with the GRI Standards

243 Reporting in accordance with the GRI Standards provides a complete and balanced picture of an
244 organization's material topics and related impacts and how it manages these topics. It also provides
245 information about the organization's specific context, which assists in understanding the
246 organization's approach towards its material topics.

247 To report in accordance with the GRI Standards, the organization must comply with all the
248 requirements in this section. These requirements ensure that the organization:

- 249 • applies the reporting principles;
- 250 • reports contextual information, including information on its reporting practices, activities,
251 governance, responsible business conduct policies and practices, and stakeholder
252 engagement;
- 253 • identifies its material topics;
- 254 • reports information on its impacts and how it manages these impacts for each of its material
255 topics.

256 If the organization does not meet all these requirements, it cannot claim that it has prepared the
257 reported information in accordance with the GRI Standards. In this case, the organization may be
258 able to claim that it has prepared the reported information with reference to the GRI Standards
259 (Approach B), provided it meets the requirements as set out in [Section 3.2](#).

260 **Requirement A-1: Apply the reporting principles**

- 261 a. The organization shall apply all the reporting principles set out in [Section 4 of GRI](#)
262 [101: Using the GRI Standards](#).

263 **Requirement A-2: Report the disclosures in GRI 102**

- 264 a. The organization shall report all disclosures in [GRI 102: About the Organization](#).

265 **Requirement A-3: Identify material topics**

266 The organization shall:

- 267 a. identify its material topics;
- 268 b. use the **GRI Sector Standard(s)** that apply to its sector(s), where these are
269 available, when identifying its material topics in A-3-a.

270 **Guidance**

271 [Section 2 of GRI 103: Material Topics](#) provides guidance on how to identify material topics. The
272 Sector Standards provide information on the most likely material topics for organizations in a given
273 sector. Using Sector Standards, however, is not a substitute for the organization's own process for
274 identifying material topics.

275 **Requirement A-4: Report the disclosures in GRI 103**

276 The organization shall:

- 277 a. report how it has identified its material topics using [Disclosure MT-1 in GRI 103:](#)
278 [Material Topics](#);
- 279 b. report its material topics and related impacts using [Disclosure MT-2 in GRI 103:](#)
280 [Material Topics](#);
- 281 c. for each material topic, whether covered by a GRI Topic Standard or not, report
282 how it manages the material topic and related impacts, using [Disclosure MT-3 in](#)
283 [GRI 103: Material Topics](#).

284 **Requirement A-5: Report appropriate disclosures for each identified**
 285 **material topic**

286 For each material topic, the organization shall:

- 287 a. report appropriate disclosures from the **GRI Topic Standards** that correspond to
 288 the material topic;
- 289 b. if it cannot comply with a requirement within an appropriate disclosure from a **GRI**
 290 **Topic Standard identified in A-5-a:**
 - 291 i. specify the requirement that it has omitted;
 - 292 ii. provide one of the following four reasons for omission and the required
 293 explanation for that reason.

294 **Table 2. Reasons for omission**

Reason for omission	Required explanation
Not appropriate	Describe why the requirement does not contribute toward explaining the <u>impacts</u> related to the organization’s <u>material topic</u> .
Confidentiality constraints	Describe the specific confidentiality constraints.
Legal prohibitions	Describe the specific legal prohibitions.
Information incomplete or unavailable	Describe the steps being taken to obtain the missing information and the expected time frame. If the required information cannot be obtained, or it is not of adequate quality to report (as might be the case when the information is collected from another organization, e.g., a <u>supplier</u>), explain this situation.

295 **Guidance**

296 **Guidance to A-5-a**

297 Appropriate disclosures are those that adequately capture the impacts related to the organization’s
 298 material topics.

299 If a material topic is covered by an existing GRI Topic Standard, the organization is required to
 300 report appropriate disclosures from that Standard.

301 The topic names used in the GRI Topic Standards are intentionally high-level, as each topic can cover
 302 a number of related areas. For example, the Topic Standard *GRI 303: Water and Effluents 2018*
 303 covers a range of specific areas related to water and effluents, such as water stress, water pollution,
 304 and access to water.

305 In some cases, the organization might identify a material topic that does not exactly match the topic
 306 names used in the GRI Topic Standards. In these cases, if the material topic is similar or relates to
 307 one of the topics covered in the GRI Topic Standards, the organization should use the
 308 corresponding GRI Topic Standard to identify appropriate disclosures to report on its material topic.

309 When Topic Standards include disclosures on a range of areas, the organization only needs to report
 310 the appropriate disclosures that relate to the impacts identified by the organization.

311 For example, suppose an organization identifies energy and GHG emissions as material topics. These
312 topics are covered by *GRI 302: Energy 2016* and *GRI 305: Emissions 2016*. However, the only form of
313 energy that the organization consumes is purchased electricity. Neither the organization nor any of
314 the sources that it owns or controls consume fuel. In this case, the disclosure related to fuel
315 consumption in *GRI 305*, i.e., Disclosure 305-I Direct (Scope 1) GHG emissions, does not
316 adequately capture the organization's impacts for the topic of GHG emissions and the organization is
317 not required to report it. The organization is only required to report the appropriate disclosures
318 from *GRI 302* and *GRI 305* related to the specific impacts it has identified for the material topics of
319 energy and GHG emissions.

320 If the GRI Topic Standards do not provide appropriate disclosures for the organization's impacts for
321 a material topic, or if the organization's material topic is not covered by the GRI Topic Standards,
322 the organization should report appropriate disclosures from other sources. For example, suppose an
323 organization identifies chemicals of concern as a material topic. As there is currently no GRI Topic
324 Standard that covers this topic, the organization should report appropriate disclosures using other
325 frameworks or develop its own disclosures to report on this topic.

326 If the organization identifies a topic as material and that topic is included in the applicable GRI Sector
327 Standard, this Sector Standard can also assist the organization in determining appropriate disclosures
328 to report on that topic.

329 **Guidance to A-5-b**

330 When the organization cannot comply with a requirement within an appropriate disclosure from a
331 GRI Topic Standard it has identified in A-5-a, it is required to use one of the four reasons for
332 omission. Reasons for omission are not permitted for the requirements in *GRI 102: About the*
333 *Organization* and *GRI 103: Material Topics*.

334 Reasons for omission should only be used in exceptional cases when the organization is unable to
335 comply with a requirement. Using reasons for omission frequently or for critical requirements
336 reduces the credibility and usefulness of the reported information. Additionally, it does not align
337 with reporting in accordance with the GRI Standards, which aims to provide a complete and
338 balanced picture of the organization's most significant impacts.

339 In the example above where the organization only consumes purchased electricity and does not
340 consume fuel, it can use the 'not appropriate' reason for omission for the requirements in
341 Disclosure 302-I Energy consumption within the organization in *GRI 302: Energy 2016* which relate
342 to fuel, e.g., 302-I-a and 302-I-b.

343 Note that the organization is not required to provide a reason for omission for disclosures from a
344 GRI Topic Standard that it has identified as not appropriate; the reasons for omission only apply
345 when the organization cannot comply with requirements within the appropriate disclosures.

346 **Requirement A-6: Publish a GRI content index**

347 a. **The organization shall publish a GRI content index in one location that is publicly**
348 **and easily accessible, using the template set out in [Appendix I](#).**

349 **Guidance**

350 The GRI content index is a navigation tool that provides information users with a quick overview of
351 the organization's reported information and facilitates easy access to this information. The content
352 index shows which GRI Standards and disclosures the organization has used.

353 **Requirement A-7: Provide a statement of use**

354 a. **The organization shall include the following statement in its GRI content index:**

355 [Title of the highest governance body or most senior executive of the
356 organization] acknowledges responsibility for the following statement of use:

357 The information reported by [name of organization] for the [reporting period]
358 has been prepared in accordance with the GRI Standards.

359 **Guidance**

360 The organization is required to insert the title of its highest governance body or most senior
361 executive, the name of the organization, and the reporting period in the statement. For example:

362 “The Board of Directors acknowledges responsibility for the following statement of use:

363 The information reported by ABC Limited for the year ending 31 December 2020 has been
364 prepared in accordance with the GRI Standards.”

365 This statement applies to all information included in the GRI content index. The term ‘GRI
366 Standards’ includes all Standards (Universal Standards: *GRI 101*, *GRI 102*, *GRI 103*, Topic Standards,
367 and Sector Standards) that are effective at the date when the information is published, as well as
368 Standards that are adopted by the organization earlier than their effective date.

369 When determining whether the highest governance body or the most senior executive provides the
370 statement of use, an organization should consider its legal and operating context. For some
371 organizations this will be influenced by applicable legislation or regulation, which can be related to:

- 372 • the country where the organization is incorporated or registered;
373 • a stock exchange the organization trades its securities on;
374 • the nature and type of the organization (e.g., charity, incorporated company, mutual
375 organization).

376 **Requirement A-8: Notify GRI**

377 a. **The organization shall register its reported information and statement of use**
378 **through the GRI Standards Report Registration System.**

379 **Guidance**

380 The [GRI Standards Report Registration System](#) can be accessed using the GRI website. The
381 registration system notifies GRI of the use of the GRI Standards and the corresponding statement of
382 use reported by the organization. There is no cost associated with notifying GRI of the use of the
383 Standards.

384 3.2 Approach B: Reporting with reference to the GRI Standards

385 This is the other approach of reporting using the GRI Standards. The organization can use selected
386 GRI Standards, or parts of their content, to report information to meet the needs of specific
387 information users for specific purposes. For example, the organization can report with reference to
388 the GRI Standards to comply with a specific reporting regulation on climate change. The organization
389 can also report with reference to the GRI Standards if it is unable to meet all the requirements for
390 reporting in accordance with the GRI Standards. However, this approach of using the GRI Standards
391 does not provide a complete and balanced picture of the organization's most significant impacts on
392 the economy, environment, and people.

393 To report with reference to the GRI Standards, the organization must comply with all the
394 requirements in this section.

395 In addition to the meeting these requirements, the organization should apply the reporting principles
396 from [Section 4](#) of this Standard. These principles ensure high-quality sustainability reporting and are
397 important for any information reported using the GRI Standards. The organization should also
398 report how it manages its impacts using [Disclosure MT-3 in GRI 103: Material Topics](#) for any topics
399 reported.

400 Requirement B-1: Publish a GRI content index

- 401 a. The organization shall publish a GRI content index in one location that is publicly
402 and easily accessible, using the template set out in [Appendix 2](#).

403 Guidance

404 The GRI content index is a navigation tool that provides information users with a quick overview of
405 the organization's reported information and facilitates easy access to this information. The content
406 index shows which GRI Standards and disclosures the organization has used.

407 Requirement B-2: Provide a statement of use

- 408 a. The organization shall include the following statement in its GRI content index:

409 [Title of the highest governance body or most senior executive of the
410 organization] acknowledges responsibility for the following statement of use:

411 The information reported by [name of organization] for the [reporting period]
412 has been prepared with reference to the GRI Standards cited in this content
413 index.

414 Guidance

415 The organization is required to insert the title of its highest governance body or most senior
416 executive, the name of the organization, and the reporting period in the statement. For example:

417 "The Board of Directors acknowledges responsibility for the following statement of use:

418 The information reported by ABC Limited for the year ending 31 December 2020 has been
419 prepared with reference to the GRI Standards cited in this content index."

420 This statement applies to all information included in the GRI content index. The term ‘GRI
421 Standards’ includes all Standards (Universal Standards: *GRI 101*, *GRI 102*, *GRI 103*, Topic Standards,
422 and Sector Standards) that are effective at the date when the information is published, as well as
423 Standards that are adopted by the organization earlier than their effective date.

424 When determining whether the highest governance body or the most senior executive provides the
425 statement of use, the organization should consider its legal and operating context. For some
426 organizations this will be influenced by applicable legislation or regulation, which can be related to:

- 427 • the country where the organization is incorporated or registered;
- 428 • a stock exchange the organization trades its securities on;
- 429 • the nature and type of the organization (e.g., charity, incorporated company, mutual
430 organization).

431 **Requirement B-3: Notify GRI**

- 432 **a. The organization shall register its reported information and statement of use**
433 **through the GRI Standards Report Registration System.**

434 **Guidance**

435 The [GRI Standards Report Registration System](#) can be accessed using the GRI website. The
436 registration system notifies GRI of the use of the GRI Standards and the corresponding statement of
437 use reported by the organization. There is no cost associated with notifying GRI of the use of the
438 Standards.

439 4. Reporting principles

440 The reporting principles are fundamental to achieving high-quality sustainability reporting. The
441 organization is required to apply the reporting principles to be able to claim that it has prepared
442 information in accordance with the GRI Standards (see Section 3.1 of this Standard).

443 The reporting principles guide organizations in ensuring the quality and proper presentation of the
444 reported information. Quality information enables information users to make sound assessments of
445 the organization's impacts and aids in decision-making.

446 Each reporting principle consists of a requirement and guidance on how to apply it.

447 Overview of principles

- 448 • Accuracy
- 449 • Balance
- 450 • Clarity
- 451 • Comparability
- 452 • Completeness
- 453 • Sustainability context
- 454 • Timeliness
- 455 • Verifiability

456 Accuracy

457 Requirement

- 458 a. **The organization shall report information that is factually correct and sufficiently**
459 **detailed to enable the assessment of the organization's impacts.**

460 Guidance

461 The characteristics that define accuracy vary depending on the nature of the information (qualitative
462 or quantitative) and the intended use of the information. The accuracy of qualitative information can
463 depend on its level of clarity and detail. The accuracy of quantitative information can depend on the
464 specific methods used to gather, compile, and analyze data. Certain information users require higher
465 levels of accuracy than others.

466 To apply the Accuracy principle, the organization should:

- 467 • report qualitative information that is consistent with available evidence and other reported
468 information;
- 469 • indicate which data has been measured;
- 470 • adequately describe data measurements and bases for calculations, and ensure it is possible
471 to replicate measurements and calculations with similar results;
- 472 • ensure that the margin of error for data measurements does not inappropriately influence
473 the conclusions or assessments of information users;

- 474 • indicate which data has been estimated, the underlying assumptions and techniques used for
475 the estimation, and any limitations.

476 Balance

477 Requirement

- 478 a. **The organization shall report information in an unbiased way and provide a fair**
479 **representation of the organization's negative and positive impacts.**

480 Guidance

481 To apply the Balance principle, the organization should:

- 482 • not omit relevant information concerning its negative impacts;
- 483 • not overemphasize positive news or impacts;
- 484 • present information in a way that allows information users to see negative and positive
485 trends in impacts on a year-to-year basis;
- 486 • distinguish clearly between facts and the organization's interpretation of the facts;
- 487 • avoid presenting information in a way that it is likely to inappropriately influence the
488 conclusions or assessments of information users.

489 Clarity

490 Requirement

- 491 a. **The organization shall present information in a way that is accessible,**
492 **understandable, and usable.**

493 Guidance

494 To apply the Clarity principle, the organization should:

- 495 • take into account specific accessibility needs of information users associated with abilities,
496 language, and technology;
- 497 • present information in a way that users are able to find the information they want without
498 unreasonable effort, for example, through a table of contents, maps, or links;
- 499 • present information in a way that it can be understood by users who have a reasonable
500 knowledge of the organization and its activities;
- 501 • avoid technical terms, acronyms, or other jargon likely to be unfamiliar to users, and include
502 relevant explanations in the appropriate sections or in a glossary;
- 503 • report information in a concise way and aggregate information where useful, without
504 omitting necessary details (i.e., provide the level of detail required by users);
- 505 • use graphics and consolidated data tables to make information accessible and
506 understandable.

507 Comparability

508 Requirement

- 509 a. The organization shall select, compile, and report information in a consistent
510 manner, to enable the analysis of changes in the organization's impacts over time
511 and the analysis of these impacts relative to other organizations.

512 Guidance

513 Comparability is necessary for evaluating an organization's current impacts against its past impacts
514 and its goals and targets, and against the impacts of other organizations.

515 Consistency allows for assessing progress and for benchmarking by the organization or external
516 parties as part of rating activities, investment decisions, and advocacy programs, among other
517 activities.

518 To apply the Comparability principle, the organization should:

- 519 • present information for the current reporting period and at least two previous periods, as
520 well as any goals and targets that have been set;
- 521 • maintain consistency in the methods used to calculate data and the manner of presenting
522 information, and explain the methods and assumptions used to prepare the information;
- 523 • use generally accepted international metrics (e.g., kilograms or liters), standard conversion
524 factors, and protocols, where applicable, for compiling and reporting information, and
525 describe the bases for measurements and calculations where this is not apparent;
- 526 • report total numbers or absolute data (e.g., metric tons of CO₂ equivalent) as well as ratios
527 or normalized data (e.g., CO₂ emissions per unit produced) to enable comparisons, and
528 provide explanatory notes when using ratios;
- 529 • provide contextual information that helps information users understand the factors that
530 contribute to differences between the organization's impacts and the impacts of other
531 organizations, such as the organization's size and geographic location;
- 532 • if there are changes in the organization's identified material topics, the length of the
533 reporting period, or other elements of reporting, such as the definitions used, present the
534 current disclosures alongside restatements of historic data to enable comparisons. The
535 organization is required to explain any restatements of information from previous reporting
536 periods and their effect, and report the reasons for such restatements, under [Disclosure
537 REP-4 in GRI 102: About the Organization](#);
- 538 • when restatements of historic data are not provided, explain the changes to provide
539 contextual information for interpreting the current disclosures.

540 Completeness

541 Requirement

- 542 a. **The organization shall provide sufficient information to enable the assessment of**
543 **the organization's impacts during the reporting period.**

544 Guidance

545 To apply the Completeness principle, the organization should:

- 546 • not omit information that is necessary for understanding the organization's impacts;
- 547 • present activities, events, and impacts for the reporting period in which they occur. This
548 includes reporting on activities that have a minimal short-term impact, but that have a
549 reasonably foreseeable cumulative impact that can become unavoidable or irreversible in the
550 long-term (such as activities that generate bio-accumulative or persistent pollutants).

551 If the organization consists of multiple entities that form a consolidated group (i.e., a parent entity
552 and its subordinate entities), the organization is required to explain the approach used for
553 consolidating the information. See [REP-2-c in GRI 102: About the Organization](#).

554 If gaps are identified in collecting information (e.g., when information is not available for all relevant
555 activities or entities), the organization is required to identify and explain these gaps when reporting
556 in accordance with the GRI Standards. See [Requirement A-5-b](#) in Section 3.1 of this Standard for
557 more information on reasons for omission.

558 Sustainability context

559 Requirement

- 560 a. **The organization shall report information on its impacts in the wider context of**
561 **sustainable development.**

562 Guidance

563 To apply the Sustainability context principle, the organization should:

- 564 • draw on objective information and authoritative measures of sustainable development,
565 where available, when reporting on its impacts (e.g., scientific research or consensus on
566 ecological limits, societal expectations);
- 567 • report information on its impacts with reference to broader sustainable development
568 conditions and goals, as reflected in recognized sector-specific, local, regional, or global
569 instruments (e.g., reporting total GHG emissions as well as reductions in GHG emissions
570 with reference to the Paris Agreement);
- 571 • report information on its impacts with reference to expectations of responsible business
572 conduct set out in internationally recognized instruments with which it is expected to
573 comply (e.g., *OECD Guidelines for Multinational Enterprises*, *UN Guiding Principles on Business and*
574 *Human Rights*);
- 575 • if operating in a diverse range of locations, report information in a way that communicates
576 its impacts in appropriate local contexts (e.g., reporting total water use as well as water use
577 relative to the sustainable thresholds and the social context of given catchments).

578 Assessing the organization's sustainability context provides the organization with critical information
579 for identifying and reporting on its material topics and related impacts (see [GRI 103: Material Topics](#)).
580 The GRI Sector Standards describe the sustainability context for organizations in a given sector.

581 Timeliness

582 Requirement

583 **a. The organization shall report information on a regular schedule and make it**
584 **available in time for information users to make decisions.**

585 Guidance

586 The usefulness of information is closely tied to whether it is available in time for information users
587 to integrate it into their decision-making. The Timeliness principle refers to how regularly
588 information is reported, as well as how up to date the information is in relation to the reporting
589 period.

590 To apply the Timeliness principle, the organization should:

- 591 • make information available in a timely manner;
- 592 • balance the need to make information available in a timely manner with the need to ensure
593 that the information is reliable;
- 594 • ensure consistency in the frequency of reporting and the length of reporting periods;
- 595 • clearly indicate the time period covered by the reported information, for example, when
596 presenting information for several periods;
- 597 • indicate when the reported information was last updated and when it will be updated next.

598 See [Section 5.1](#) of this Standard for information on aligning the reporting periods and the publishing
599 schedules of sustainability reporting with other types of reporting.

600 Verifiability

601 Requirement

602 **a. The organization shall gather, record, compile, and analyze information in a way**
603 **that the information can be examined to establish its credibility.**

604 Guidance

605 It is important that the reported information can be examined to establish its credibility and to
606 determine the extent to which the reporting principles have been applied.

607 To apply the Verifiability principle, the organization should:

- 608 • ensure that individuals other than those involved in preparing the reported information are
609 able to review the supporting internal controls and documentation;
- 610 • document the decision-making processes underlying the organization's sustainability
611 reporting in a way that allows for the examination of the key decisions as well as the
612 processes, such as the identification of material topics;

- 613 • if the organization designs information systems for its sustainability reporting, design these
614 systems in a way that they can be examined as part of an external assurance process;
- 615 • be able to identify the original sources of the reported information and provide reliable
616 evidence to support assumptions or complex calculations;
- 617 • be able to provide representation from the original information sources, attesting to the
618 accuracy of the reported information within acceptable margins of error;
- 619 • avoid including information that is not substantiated by evidence unless it is relevant for
620 understanding the organization's impacts;
- 621 • provide unambiguous explanations of any uncertainties associated with the reported
622 information.
- 623 See [Section 5.2](#) of this Standard for more information on enhancing the credibility of sustainability
624 reporting.

Exposure draft for public comment

625 5. *Additional recommendations for* 626 *sustainability reporting*

627 This section includes additional recommendations on aligning sustainability reporting with other
628 types of reporting and on methods for enhancing the credibility of reporting.

629 5.1 Aligning sustainability reporting with other reporting

630 The organization should align its sustainability reporting with other statutory and regulatory
631 reporting, in particular, its financial reporting. This includes reporting information for the same
632 reporting period and for the same group of entities, and to the extent possible, publishing
633 information at the same time.

634 5.2 Enhancing the credibility of sustainability reporting

635 The organization can use several methods to enhance the credibility of its sustainability reporting,
636 including internal controls, external assurance, and stakeholder or expert panels.

637 **Internal controls**

638 The organization should put in place internal controls to strengthen the overall integrity and
639 credibility of its sustainability reporting. Internal controls are processes designed and implemented
640 by the organization, generally its management, to provide reasonable assurance regarding the
641 achievement of its objectives.

642 Internal controls can be implemented at a day-to-day operational level through management and
643 compliance functions. Additionally, the organization can establish and maintain an internal audit
644 function that is also responsible for the processes for sustainability-related risk management and for
645 managing sustainability reporting.

646 In some jurisdictions, corporate governance codes require directors to inquire and, if satisfied, to
647 confirm the adequacy of an organization's internal controls in the annual report. This confirmation
648 might only relate to the adequacy of the internal controls for financial reporting. It does not
649 necessarily provide information on whether the same internal controls are also adequate to assess
650 the credibility of the organization's sustainability reporting. If the organization relies on internal
651 controls related to financial reporting, it should assess the relevance of these controls for its
652 sustainability reporting. In cases where these controls are inadequate, the organization should
653 identify and use additional internal controls to assess the credibility of its sustainability reporting.

654 **External assurance**

655 In addition to internal controls, the organization should seek external assurance for its sustainability
656 reporting, even though this is not required in order to prepare information in accordance with the
657 GRI Standards or with reference to the GRI Standards. [Disclosure REP-5 in GRI 102: About the](#)
658 [Organization](#) requires the organization to report information on its policy and practice with regard to
659 seeking external assurance for its sustainability reporting.

660 External assurance refers to activities that assess the quality and credibility of the qualitative and
661 quantitative information reported by the organization and/or the systems or processes for reporting
662 this information (e.g., the process for identifying material topics and related impacts). This is different

663 from activities that assess or validate the quality or level of performance of an organization, such as
664 issuing performance certifications or compliance assessments.

665 External assurance results in published reports, conclusions, or opinions that can be used for various
666 purposes, such as to validate that the information has been prepared in accordance with reporting
667 standards, to increase trust in the reported information and reduce risk in data quality, and to enable
668 information users as well as the organization to use the reported information in their decision-
669 making.

670 External assurance should be conducted by competent assurance providers with appropriate
671 experience and qualifications.

672 In general, an assurance provider meets the following criteria:

- 673 • Independence from the organization to be able to reach and publish objective and impartial
674 conclusions about the organization's reporting in a written report that is publicly available.
- 675 • Demonstrable competence in the subject matter and assurance practices.
- 676 • Competence in applying quality control procedures to the assurance engagement.
- 677 • Ability to conduct the engagement in a manner that is systematic, documented, evidence-
678 based, and characterized by defined procedures in line with professional standards for
679 assurance.
- 680 • Ability to assess whether the organization's reporting provides a reasonable and balanced
681 presentation of impacts, by considering the accuracy of information reported as well as the
682 overall selection of content.
- 683 • Ability to assess the extent to which the organization has applied the GRI Standards in the
684 course of reaching its conclusions or opinions.

685 **Stakeholder or expert panels**

686 The organization can also convene a stakeholder or expert panel to seek an external review of its
687 overall approach to sustainability reporting or to seek advice on the content of its reported
688 information.

689 *Appendix 1. GRI content index for reporting in*
 690 *accordance with the GRI Standards*

691 **GRI content index**

Statement of use	<p>[Title of the highest governance body or most senior executive of the organization] acknowledges responsibility for the following statement of use:</p> <p>The information reported by [name of organization] for the [reporting period] has been prepared in accordance with the GRI Standards.</p>
GRI Sector Standard(s)	[Title of the Sector Standard(s) used to identify the material topics]

GRI Standard (Number, title, and publication year)	Disclosure (Disclosure code)	Location of reported information (including page numbers, URLs)	Omission		
			Requirement omitted	Reason	Explanation
Disclosures about the organization					
GRI 102: About the Organization	Organizational details and reporting practices				
	REP-1				
	REP-2				
	REP-3				
	REP-4				
	REP-5				
	Organizational activities				
	ACT-1				
	ACT-2				
	Governance				
	GOV-1				
	GOV-2				
	GOV-3				
	GOV-4				
	GOV-5				
	GOV-6				
	GOV-7				
	GOV-8				
	GOV-9				

	GOV-10					
	GOV-11					
	GOV-12					
	GOV-13					
	GOV-14					
	GOV-15					
	Responsible business conduct					
	RBC-1					
	RBC-2					
	RBC-3					
	RBC-4					
	RBC-5					
	RBC-6					
	RBC-7					
	Stakeholder engagement					
SE-1						
SE-2						

Material topics (list all material topics identified in MT-2-a)

Disclosures about identification of material topics

GRI 103: Material Topics	MT-1				
	MT-2-a				

[Material topic name]

GRI 103: Material Topics	MT-2-b				
	MT-3				

[Topic Standard / other source]	[Disclosure code]				
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[Material topic name]

GRI 103: Material Topics	MT-2-b				
	MT-3				

[Topic Standard / other source]	[Disclosure code]				
--	-------------------	--	--	--	--

	Reasons for omission are not permitted for the requirements in <i>GRI 102: About the Organization</i> and <i>GRI 103: Material Topics</i>
--	---

692 **Guidance**

693 An organization reporting in accordance with the GRI Standards is required to include the following
694 elements in the GRI content index:

- 695 • The statement of use
- 696 • The Sector Standard(s) it has used to identify its material topics
- 697 • The GRI Universal Standards and Topic Standards it has used
- 698 • The disclosures it has reported
- 699 • The location where the information for the disclosures can be found
- 700 • The reasons for omission it has used
- 701 • The title 'GRI content index'

702 The organization is also required to present the complete GRI content index in one location that is
703 publicly and easily accessible.

704 The organization can use another format for the GRI content index than the one provided as long as
705 it includes the required elements specified in this Appendix.

706 **Statement of use**

707 The organization is required to include the statement of use for reporting in accordance with the
708 GRI Standards in the GRI content index. See [Requirement A-7](#) in Section 3.1 of this Standard for
709 more information.

710 **Sector Standard(s) used, including the title and publication year**

711 The organization is required to list the GRI Sector Standard(s) it has used, where these are available,
712 to identify its material topics. The organization is required to include the title and publication year
713 for each Sector Standard used.

714 **GRI Universal Standards and Topic Standards used, including their number, title, and 715 publication year**

716 The organization is required to list the Universal Standards and Topic Standards it has used. These
717 include:

- 718 • *GRI 102: About the Organization*;
- 719 • *GRI 103: Material Topics*; and
- 720 • The GRI Topic Standards it has used for each material topic. The Topic Standards used are
721 organized by each material topic reported under [Disclosure MT-2-a in GRI 103: Material](#)
722 [Topics](#).

723 The organization is required to include the number, title, and publication year for each Standard
724 used (e.g., *GRI 305: Emissions 2016*).

725 The publication year indicates which version of a GRI Standard the organization has used. The GRI
726 Standards are regularly updated, and a newer version of a GRI Standard might have different
727 disclosures than its previous version.

728 The publication year does not refer to the reporting period covered by the reported information or
729 to the year that the reported information is published.

730 **Disclosures**

731 The organization is required to list all the disclosures it has reported in the GRI content index.
732 For each material topic the organization is required to list the appropriate disclosures reported. This
733 includes appropriate disclosures from the GRI Topic Standards and disclosures from other sources.
734 The organization is required to report the disclosure code. The disclosure code refers to the unique
735 identifier for each disclosure in the GRI Standards (e.g., ACT-1). Additionally, the organization
736 should include the title of each disclosure (e.g., ACT-1 Activities, value chain, and other business
737 relationships).
738 For disclosures from other sources, if there is no disclosure code or reference available, the
739 organization can list the title of the disclosure or any other information that helps identify the
740 disclosure.

741 **Location of reported information**

742 For each disclosure that it has reported, the organization is required to include the specific location
743 (i.e., the specific page numbers and/or URLs) where the publicly available information can be found.
744 For example, the organization is required to specify whether the information is included in a
745 standalone sustainability report, annual financial report, policy document, or on a website. If the
746 information to be reported under a disclosure is spread across multiple pages or URLs, the
747 organization is required to list all relevant pages and URLs across which the information is
748 distributed.

749 If the organization is required to report information that it has previously reported, and the
750 information has not changed during the reporting period (e.g., the organization is required to report
751 information on a policy or process that has not changed since the previous reporting period), the
752 organization can republish this information or provide a reference to the previously reported
753 information.

754 **Omissions**

755 The organization is required to include the reasons for omission it has used in the GRI content
756 index for all requirements it is unable to comply with. The organization is also required to specify
757 the requirement that it has omitted and to provide the required explanation for the reason for
758 omission it has used. See [Requirement A-5-b](#) in Section 3.1 of this Standard for more information.

759 **Including references to additional information in the GRI content index**

760 The organization can include in the GRI content index references to additional information beyond
761 what is required by the GRI Standards. For example, the organization can show how the disclosures
762 it has reported using the GRI Standards are related to those required by other reporting standards
763 or frameworks. Such additions can be made as long as the references to additional information do
764 not compromise the readability of the content index. The organization should add columns or rows
765 that are additional to the ones specified in this Appendix at the end of the content index.

766 The organization should not report the information required by disclosures in the GRI Standards
767 directly in the content index. This can compromise the purpose of the index as a navigation tool.

768 *Appendix 2. GRI content index for reporting*
 769 *with reference to the GRI Standards*

770 **GRI content index**

Statement of use	<p>[Title of the <u>highest governance body</u> or most <u>senior executive</u> of the organization] acknowledges responsibility for the following statement of use:</p> <p>The information reported by [name of organization] for the [reporting period] has been prepared with reference to the GRI Standards cited in this content index.</p>
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GRI Standard (Number, title, and publication year)	Disclosure (Disclosure code)	Location of reported information (including page numbers, URLs)
[GRI Standard]	[Disclosure code]	
[GRI Standard]	[Disclosure code]	

771 **Guidance**

772 An organization reporting with reference to the GRI Standards is required to include the following
 773 elements in the GRI content index:

- 774 • The statement of use
- 775 • The GRI Standards it has used
- 776 • The disclosures it has reported
- 777 • The location where the information for the disclosures can be found
- 778 • The title 'GRI content index'

779 The organization is also required to present the complete GRI content index in one location that is
 780 publicly and easily accessible.

781 The organization can use another format for the GRI content index than the one provided as long as
 782 it includes the required elements specified in this Appendix. It can also use the GRI content index
 783 specified for reporting in accordance with the GRI Standards in [Appendix I](#), if suitable.

784 **Statement of use**

785 The organization is required to include the statement of use for reporting with reference to the GRI
 786 Standards in the GRI content index. See [Requirement B-2](#) in Section 3.2 of this Standard for more
 787 information.

788 **GRI Standards used, including their number, title, and publication year**

789 The organization is required to list all the GRI Standards it has used in the GRI content index along
790 with their number, title, and publication year (e.g., *GRI 305: Emissions 2016*). This requirement
791 applies to *GRI 102: About the Organization*, *GRI 103: Material Topics*, and the Topic Standards.

792 The publication year indicates which version of a GRI Standard the organization has used. The GRI
793 Standards are regularly updated, and a newer version of a GRI Standard might have different
794 disclosures than its previous version.

795 The publication year does not refer to the reporting period covered by the reported information or
796 to the year that the reported information is published.

797 The organization can list the GRI Standards it has used for each topic on which it has reported
798 information.

799 **Disclosures**

800 The organization is required to list all the disclosures it has reported in the GRI content index. This
801 includes disclosures from the GRI Standards and disclosures from other sources.

802 The organization can list the disclosures it has reported per topic.

803 The organization is required to report the disclosure code. The disclosure code refers to the unique
804 identifier for each disclosure in the GRI Standards (e.g., 305-1). Additionally, the organization should
805 include the title of each disclosure (e.g., 305-1 Direct (Scope 1) GHG emissions).

806 For disclosures from other sources, if there is no disclosure code or reference available, the
807 organization can list the title of the disclosure or any other information that helps identify the
808 disclosure.

809 **Location of reported information**

810 For each disclosure that it has reported, the organization is required to include the specific location
811 (i.e., the specific page numbers and/or URLs) where the publicly available information can be found.
812 For example, the organization is required to specify whether the information is included in a
813 standalone sustainability report, annual financial report, policy document, or on a website. If the
814 information to be reported under a disclosure is spread across multiple pages or URLs, the
815 organization is required to list all relevant pages and URLs across which the information is
816 distributed.

817 If the organization is required to report information that it has previously reported, and the
818 information has not changed during the reporting period (e.g., the organization is required to report
819 information on a policy or process that has not changed since the previous reporting period), the
820 organization can republish this information or provide a reference to the previously reported
821 information.

822 **Including references to additional information in the GRI content index**

823 The organization can include in the GRI content index references to additional information beyond
824 what is required by the GRI Standards. For example, the organization can show how the disclosures
825 it has reported using the GRI Standards are related to those required by other reporting standards
826 or frameworks. Such additions can be made as long as the references to additional information do
827 not compromise the readability of the content index. The organization should add columns or rows
828 that are additional to the ones specified in this Appendix at the end of the content index.

829 The organization should not report the information required by disclosures in the GRI Standards
830 directly in the content index. This can compromise the purpose of the index as a navigation tool.

831 **GRI 102: About the Organization**

Exposure draft for public comment

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874	References.....	75

875 Note 1: Defined terms are underlined in the text of the GRI Standards and hyperlinked to their
876 definitions in the Glossary.

877 Note 2: The disclosure codes used in this Standard (e.g., REP-I, ACT-I, GOV-I, RBC-I, SE-I)
878 are not the final disclosure codes. They are intended for the purpose of the public comment, to
879 help users distinguish these disclosures from the existing disclosures in *GRI 102: General*
880 *Disclosures 2016* and *GRI 103: Management Approach 2016*.

881 1. Introduction

882 *GRI 102: About the Organization* contains disclosures for contextual information about the
883 organization. These include disclosures that provide details about the organization and its
884 reporting practices, activities, governance, responsible business conduct policies and practices,
885 and stakeholder engagement. This contextual information helps information
886 users better understand the nature of the organization and its impacts on the economy,
887 environment, and people.

888 An organization reporting in accordance with the GRI Standards is required to report all
889 disclosures in this Standard, as set out in [Section 3.1 of GRI 101: Using the GRI Standards](#).

890 [Disclosure REP-2](#) in this Standard requires the organization to identify the entities included in its
891 sustainability reporting. These entities define the scope for reporting all other disclosures in this
892 Standard.

893 1.1 Overview of this Standard

894 This Standard is structured as follows:

- 895 • [Section 2](#) contains five disclosures, which provide an overview of the organization, its
896 sustainability reporting practices, and the entities covered in its sustainability reporting.
- 897 • [Section 3](#) contains two disclosures, which cover the organization's activities, and its
898 employees and other workers.
- 899 • [Section 4](#) contains fifteen disclosures, which provide an overview of the organization's
900 governance structure, composition, roles, and remuneration.
- 901 • [Section 5](#) contains seven disclosures, which provide an overview of the organization's
902 policies and practices for responsible business conduct.
- 903 • [Section 6](#) contains two disclosures, which cover the organization's stakeholder
904 engagement practices, including how it engages in collective bargaining with employees.

905 1.2 GRI Standards

906 The GRI Standards help organizations increase their transparency and communicate their
907 contribution to sustainable development. The GRI Standards are designed to be used by any
908 organization – large or small, private or public, regardless of sector, location, and reporting
909 experience. The Standards provide a consistent and credible way for organizations to report on
910 their impacts, which in turn enhances the global comparability and quality of this information.

911 The Standards provide a flexible framework for reporting. Organizations can either report on all
912 their material topics in accordance with the GRI Standards, or they can use selected GRI
913 Standards, or parts of their content, to report information with reference to the GRI Standards.

914 Structure of the GRI Standards

915 The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and
916 Topic Standards.

917 **Universal Standards**

918 The three Universal Standards apply to all organizations reporting in accordance with the GRI
919 Standards.

920 **GRI 101: Using the GRI Standards** is the starting point for all organizations. It introduces the
921 system of GRI Standards and explains how they are to be used.

922 **GRI 102: About the Organization** contains disclosures for contextual information about the
923 organization.

924 **GRI 103: Material Topics** includes guidance for identifying material topics, and contains
925 disclosures about the organization's material topics and how it identifies and manages them.

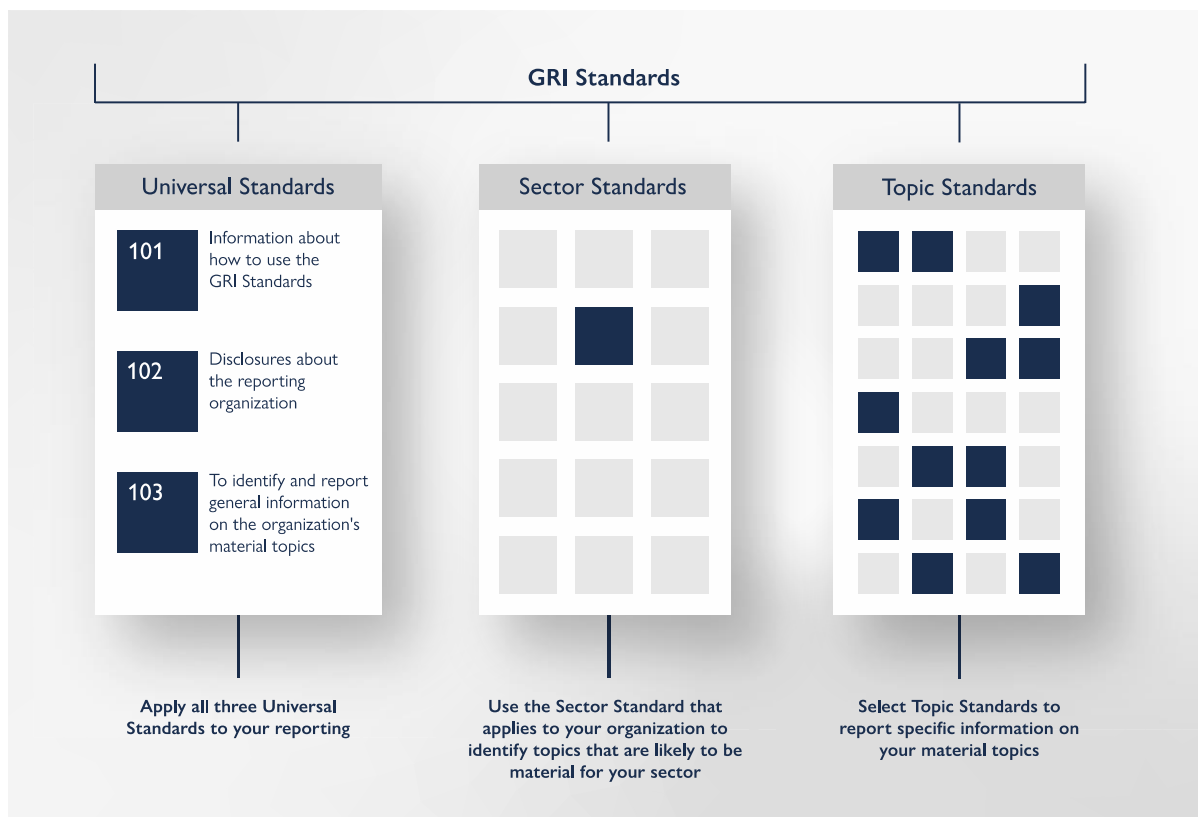
926 **Sector Standards**

927 The Sector Standards provide information on the most likely material topics for organizations in
928 a given sector. The organization uses the applicable Sector Standard(s) to assist in identifying its
929 material topics and what to report for each material topic.

930 **Topic Standards**

931 The Topic Standards include disclosures that provide information on particular topics. The
932 organization selects and uses the Topic Standards that correspond to the material topics it has
933 identified.

934 **Figure I. GRI Standards: Universal, Sector, and Topic Standards**



935 **1.3 Requirements, guidance, and defined terms**

936 The following apply throughout the GRI Standards:

937 **Requirements** are presented in bold font and indicated with the word 'shall'.

938 As set out in [Section 3.1 of GRI 101: Using the GRI Standards](#), information required by the
 939 disclosures in *GRI 102* cannot be omitted. All information required by the disclosures in *GRI 102*
 940 is considered critical for information users to understand the organization and its context.

941 If the organization is unable to report the required information about an item specified in a
 942 disclosure because the item, e.g., a committee, policy, practice, or other process, does not exist,
 943 it can meet the requirement by reporting this to be the case. In such cases, the disclosure does
 944 not require the organization to implement the item, such as the process, but to report if it does
 945 not exist.

946 For example, [Disclosure GOV-4](#) requires the organization to describe its processes for
 947 consultation between stakeholders and the highest governance body on sustainable development
 948 topics. If the organization does not have such a process in place, then it is required to state this.
 949 This ensures transparency for information users and enables the organization to meet the
 950 requirement.

951 If the organization is required to report information that it has previously reported, and the
 952 information has not changed during the reporting period (e.g., the organization is required to
 953 report information on a policy or process that has not changed since the previous reporting
 954 period), the organization can republish this information or provide a reference to the previously
 955 reported information.

956 **Guidance** sections include background information, explanations, and examples to help
957 organizations better understand the requirements.

958 The guidance sections also include ‘should’ statements, which indicate recommendations, and
959 ‘can’ statements, which indicate a possibility or an option.

960 The organization is not required to comply with guidance.

961 **Defined terms** are underlined in the text of the GRI Standards and hyperlinked to their
962 definitions in the [Glossary](#). The organization is required to apply the definitions in the Glossary.

Exposure draft for public comment

963 2. *Organizational details and reporting* 964 *practices*

965 The disclosures in this section provide an overview of the organization, its sustainability reporting
966 practices, and the entities for which it provides sustainability information.

967 Disclosure REP-I Organizational details

968 **Requirements**

969 **The organization shall:**

- 970 a. **report its legal name;**
- 971 b. **report its nature of ownership and legal form;**
- 972 c. **report its location of headquarters;**
- 973 d. **report the countries where it has significant operations.**

974 **Guidance**

975 **Guidance to REP-I-a**

976 If the organization uses a commonly known trading name or business name that is different from
977 its legal name, it should report this in addition to its legal name.

978 **Guidance to REP-I-b**

979 The nature of ownership and the legal form of the organization refers to whether it is publicly or
980 privately owned, and whether it is an incorporated entity, a partnership, a sole proprietorship, or
981 another type of entity such as a nonprofit, an association, or charitable organization.

982 **Guidance to REP-I-c**

983 Headquarters are an organization's global administrative center, from which it is controlled or
984 directed.

985 **Guidance to REP-I-d**

986 The organization can also report specific locations within countries where it has significant
987 operations, e.g., regions, states, or cities, where this provides contextual information to
988 understand the organization's impacts included in its sustainability reporting.

989 Disclosure REP-2 Organization’s entities included in its
990 sustainability reporting

991 Requirements

992 The organization shall:

- 993 a. list its entities that are included in its sustainability reporting;
- 994 b. if the organization has audited consolidated financial statements or financial
995 information filed on public record, specify the differences between the list of
996 entities included in its financial reporting and the list included in its sustainability
997 reporting;
- 998 c. if the organization consists of multiple entities that form a consolidated group,
999 explain the approach used for consolidating the information, including:
- 1000 i. whether the approach involves adjustments to information for minority
1001 interests in the case of entities that are not wholly owned;
- 1002 ii. how the approach takes into account mergers, acquisitions, and disposal
1003 of entities or parts of entities;
- 1004 iii. whether and, if so, how the approach differs across material topics.

1005 Guidance

1006 **Guidance to REP-2-a**

1007 The entities reported under REP-2-a form the basis for reporting the remaining disclosures in
1008 this Standard and for identifying the organization’s material topics and related impacts. The
1009 organization should align the entities included in its sustainability reporting with the entities
1010 included in its other statutory and regulatory reporting, in particular, its financial reporting. See
1011 [Section 5.1 of GRI 101: Using the GRI Standards](#) for more information.

1012 When identifying its material topics and related impacts, the organization should consider the
1013 impacts of additional entities with which it has business relationships, that are not included in the
1014 list reported under REP-2-a. See [Section 2 of GRI 103: Material Topics](#) for more information.

1015 **Guidance to REP-2-b**

1016 If all the entities in the organization’s financial reporting are also included in its sustainability
1017 reporting, the organization can provide a reference or link to the list of these entities included in
1018 its audited consolidated financial statements or financial information filed on public record. Any
1019 additional entities included in the sustainability reporting can then be separately identified.

1020 **Guidance to REP-2-c**

1021 A consolidated group is a group of entities consisting of a parent entity and its subordinate
1022 entities, such as subsidiaries, joint ventures, and affiliates.

1023 A minority interest is the ownership or interest of a subordinate entity, by a party other than the
1024 parent entity, in the consolidated group.

1025 Disclosure REP-3 Reporting period and frequency

1026 Requirements

1027 The organization shall:

- 1028 a. specify the reporting period for its sustainability reporting;
- 1029 b. if the organization has audited consolidated financial statements or financial
1030 information filed on public record, specify the reporting period for its financial
1031 reporting and provide an explanation if it does not align with the period for its
1032 sustainability reporting;
- 1033 c. report the frequency of its sustainability reporting.

1034 Guidance

1035 *Guidance to REP-3-a and REP-3-b*

1036 The reporting period refers to the time period covered by the reported information, e.g., the
1037 year ending 31 December 2021. The organization should align the reporting period for its
1038 sustainability reporting with the reporting period for its other statutory and regulatory reporting,
1039 in particular, its financial reporting. See [Section 5.1 of GRI 101: Using the GRI Standards](#).

1040 *Guidance to REP-3-c*

1041 The frequency of reporting refers to how often the organization carries out reporting, e.g.,
1042 annually.

1043 Disclosure REP-4 Restatements of information

1044 Requirements

1045 The organization shall:

- 1046 a. explain any restatements of information from previous reporting periods and
1047 their effect, and report the reasons for such restatements.

1048 Guidance

1049 *Background*

1050 If the organization restates information reported during previous reporting periods and includes
1051 the restated information in its reporting for the current period, it is required to explain the
1052 revision or correction made under the restatement. Restatements of information from previous
1053 reporting periods can be provided to correct an error, or account for a change in measurement
1054 methodology or a change in the business context. Providing restatements of information enables
1055 consistency and comparability of information between reporting periods, and helps information
1056 users in interpreting the reported information. This disclosure provides transparency on the
1057 reasons for such restatements and their effects on the reported information.

1058 **Guidance to REP-4-a**

1059 Reasons for restatements of information can include:

- 1060 • errors made in previous reporting periods;
- 1061 • disposals, mergers, or acquisitions;
- 1062 • change of base periods or reporting periods;
- 1063 • change in the nature of the business;
- 1064 • change in measurement methods.

1065 The effect of the restatement refers to the actual revision or correction made to previously
1066 reported information. If the restatement relates to quantitative information, the organization
1067 should specify the quantitative change in the restated information.

1068 For example, suppose an organization experiences a significant reduction in its reported GHG
1069 emissions due to the adoption of a new method for measuring emissions that is more accurate.
1070 The organization restates its previously reported information on GHG emissions in its reported
1071 information for the current period. In this case, the organization is required to explain that it has
1072 restated its previously reported GHG emission levels due to the new measurement
1073 methodology, and that this has resulted in lower GHG emissions than previously reported for
1074 these periods. The organization should also report the quantitative change observed (e.g., GHG
1075 emissions are 10% lower compared to the level of emissions previously reported).

1076 **Disclosure REP-5 External assurance**

1077 **Requirements**

1078 **The organization shall:**

- 1079 a. **describe its policy and practice with regard to seeking external assurance,**
1080 **including whether and how the highest governance body and senior executives**
1081 **are involved;**
- 1082 b. **if the organization's sustainability reporting has been externally assured:**
 - 1083 i. **provide a reference to the external assurance report(s), conclusions, or**
1084 **opinions;**
 - 1085 ii. **describe what has and what has not been assured, the assurance standards**
1086 **used, the level of assurance obtained, and the limitations of the assurance**
1087 **process;**
 - 1088 iii. **describe the relationship between the organization and the assurance**
1089 **provider.**

1090 **Guidance**

1091 **Guidance to REP-5-b-ii**

1092 The description of what has and what has not been assured, the assurance standards used, the
1093 level of assurance obtained, and the limitations of the assurance process is sometimes included in
1094 the assurance report(s), conclusions, or opinions. If this is the case, the organization can provide
1095 a link to this information included in the external assurance report(s), conclusions, or opinions.

1096 If this is not the case, the organization is required to report a summary, in accessible language,
1097 reflecting the key elements covered in the external assurance report, including:

- 1098 • scope of information and processes covered;
- 1099 • assurance and reporting standards used;
- 1100 • responsibilities of the organization relative to the assurance provider;
- 1101 • level of assurance obtained;
- 1102 • limitations of the assurance process;
- 1103 • opinion or conclusions formally signed off by the assurance provider;
- 1104 • summary of the work performed; and
- 1105 • information on the experience and qualifications of the assurance providers.

1106 See [Section 5.2 of GRI 101: Using the GRI Standards](#) for more information on external assurance.

1107 3. Organizational activities

1108 The disclosures in this section provide an overview of the organization's activities and its
1109 employees and other workers. This contextual information helps information users better
1110 understand the nature of the organization and its impacts on the economy, environment, and
1111 people.

1112 Disclosure ACT-I Activities, value chain, and other business 1113 relationships

1114 Requirements

1115 The organization shall:

- 1116 a. report its sector;
- 1117 b. describe its value chain, including:
 - 1118 i. the organization's main activities, products, services, and markets served;
 - 1119 ii. characteristics of the entities upstream from the organization and their
1120 activities related to the organization's products and services, i.e., its
1121 supply chain;
 - 1122 iii. characteristics of the entities downstream from the organization and
1123 their activities related to the organization's products and services;
- 1124 c. report other relevant business relationships;
- 1125 d. describe significant changes in ACT-I-a, ACT-I-b and ACT-I-c since the
1126 previous reporting period.

1127 Guidance

1128 Guidance to ACT-I-a

1129 Sectors can be identified according to different groupings, such as the public or private sector, or
1130 industry-specific categories, such as the education sector, or the financial sector. If the
1131 organization is part of more than one sector, it can report those sectors that provide contextual
1132 information to understand its impacts on the economy, environment, and people.

1133 Depending on the organization's activities, sectors can be identified using various classification
1134 systems that define categories for economic activities. For example, the UN-based *International
1135 Standard Industrial Classification of All Economic Activities*, or investment-based classification systems,
1136 such as the *Global Industry Classification Standard* or the *Industry Classification Benchmark*.

1137 The organization is required to use the GRI Sector Standard(s) that apply to its sector(s), where
1138 these are available for its sector(s).

1139 Guidance to ACT-I-b

1140 The organization's value chain includes the organization's own activities, as well as activities
1141 carried out by entities upstream and downstream from the organization in relation to the
1142 organization's products and services. Entities upstream from the organization are those that
1143 supply products or services that contribute to the organization's own products or services.

1144 Entities downstream from the organization receive products or services from the organization.
1145 Entities in the value chain include entities beyond the first tier, both upstream and downstream.

1146 The information required in ACT-I-b helps to understand the impacts that occur across the
1147 organization's value chain, including through the use of its products and services. Describing the
1148 markets served provides further information on the groups of customers targeted by the
1149 organization's products and services.

1150 **Guidance to ACT-I-b-i**

1151 When describing its main activities, the organization should report the total number of
1152 operations. The organization should also report the definition used for 'operation'. For example,
1153 whether 'operation' refers to a single location used by the organization for the production,
1154 storage, and/or distribution of its goods and services or for administrative purposes.

1155 When describing its products and services, the organization should:

- 1156 • report the quantity of products or services provided during the reporting period;
- 1157 • describe if it sells products and services that are banned in certain markets or are the
1158 subject of stakeholder concerns or public debate, and how the organization has
1159 responded to these concerns.

1160 When describing the markets served, the organization can:

- 1161 • report the markets it serves using geographic, demographic, or behavioral characteristics;
- 1162 • specify information on the size and relative importance of the markets served, for
1163 example, by reporting net sales or net revenues.

1164 **Guidance to ACT-I-b-ii**

1165 When describing the characteristics of the entities upstream from the organization and the
1166 activities they carry out in relation to the organization's products and services (i.e., the supply
1167 chain), the organization can:

- 1168 • specify the types of suppliers (e.g., contractor, wholesalers, brokers);
- 1169 • report the estimated number of suppliers throughout its supply chain (i.e., in the first
1170 tier, second tier, etc.);
- 1171 • report the types of activities of its suppliers (e.g., manufacturing of the organization's
1172 products, provision of services);
- 1173 • specify the nature of the business relationship it has with its suppliers (e.g., long-term or
1174 short-term contract, project- or event-based relationship);
- 1175 • specify the sector-specific characteristics of its supply chain (e.g., labor-intensive);
- 1176 • report the estimated monetary value of payments made to its suppliers;
- 1177 • specify the geographic locations of its suppliers.

1178 **Guidance to ACT-I-b-iii**

1179 When describing the characteristics of the entities downstream from the organization and the
1180 activities they carry out in relation to the organization's products and services, the organization
1181 can:

- 1182 • specify the types of customers and beneficiaries (e.g., end consumers, other businesses,
1183 recipients of the products or services from a social enterprise or a nonprofit
1184 organization);

- 1185 • report the estimated number of downstream entities (i.e., in the first tier, second tier,
1186 etc.);
- 1187 • report the types of activities of these downstream entities (e.g., wholesaler,
1188 manufacturer, retailer);
- 1189 • specify the nature of the business relationship it has with its downstream entities (e.g.,
1190 long-term or short-term contract, project- or event-based relationship);
- 1191 • specify the geographic locations of downstream entities.

1192 **Guidance to ACT-1-c**

1193 Other relevant business relationships include relationships with entities that are not described as
1194 part of the organization’s value chain under ACT-1-b. These can consist of business partners
1195 (e.g., joint ventures) and other entities directly linked to the organization’s operations, products,
1196 or services.

1197 When describing other relevant business relationships, the organization can specify the types of
1198 entities, the activities they perform, and their geographic location.

1199 **Guidance to ACT-1-d**

1200 The description of significant changes to the organization’s sector, value chain, and other business
1201 relationships helps understand any variations in the reported information since the previous
1202 reporting period. Examples of significant changes include changes in activities, such as, facility
1203 openings, closings, and expansions; changes in the structure of the supply chain or in relationships
1204 with suppliers; and changes in the location of suppliers.

1205 Disclosure ACT-2 Employees and other workers

1206 Requirements

1207 **The organization shall:**

- 1208 **a. report the total number of employees, and provide a breakdown of this total by:**
 - 1209 **i. employment contract (permanent and temporary), by gender;**
 - 1210 **ii. employment contract (permanent and temporary), by region;**
 - 1211 **iii. employment type (full-time and part-time), by gender;**
 - 1212 **iv. employment type (full-time and part-time), by region;**
- 1213 **b. provide contextual information to understand the data reported under ACT-2-a;**
- 1214 **c. report the total number of workers who are not employees and whose work is**
1215 **controlled by the organization, including:**
 - 1216 **i. the most common types of worker and their contractual relationship with**
1217 **the organization;**
 - 1218 **ii. the work they perform;**
- 1219 **d. describe significant fluctuations in the number of employees and workers who**
1220 **are not employees during the reporting period and between reporting periods;**

1221 e. describe the assumptions and methodologies used to compile the data, including
1222 whether the number of employees and workers who are not employees are
1223 reported:

1224 i. in head count, full-time equivalent (FTE), or using another methodology;

1225 ii. at the end of the reporting period, as an average across the reporting
1226 period, or using another methodology.

1227 **Guidance**

1228 **Background**

1229 This disclosure provides information about the number of employees and other workers who
1230 are not employees that perform work for the organization. To understand how many workers in
1231 total perform work for the organization, it is important to know the number of workers who are
1232 not employees as these are not represented in formal employment figures.

1233 The disclosure gives insight into the organization's approach to employment, as well as the scope
1234 and nature of impacts created by labor issues. It also provides contextual information to
1235 understand the information reported in other disclosures, and serves as the basis for calculation
1236 in several disclosures, such as the disclosure on the percentage of employees covered by
1237 collective bargaining agreements.

1238 This disclosure covers all employees and all workers who are not employees who perform work
1239 for any of the organization's entities included in its sustainability reporting (reported under
1240 [Disclosure REP-2](#)).

1241 See references 6, 7, 8, 16, 22, 25, and 27 in the [References section](#).

1242 **Guidance to ACT-2-a**

1243 An employee is an individual who is in an employment relationship with the organization,
1244 according to national law or its application.

1245 To identify the employment contract and employment type of its employees, the organization
1246 should use the definitions under the national laws of the countries where the employees are
1247 based, as what constitutes an employment contract and employment type varies between
1248 countries. For example, the national legislations vary in their definitions of a full-time contract. If
1249 the organization has employees in more than one country, it should add up the country-level
1250 data to calculate the total numbers, disregarding differences in national legal definitions.

1251 Providing data on employees by employment contract and employment type by gender enables
1252 an understanding of gender representation and diversity across an organization. The organization
1253 can report information for gender categories in addition to male and female.

1254 Providing data on employees by employment contract and employment type by region enables an
1255 understanding of regional representation and variations across regions. Region can refer to a
1256 'country' or 'geographical area'.

1257 If the organization is unable to report exact figures, it can report estimates of the number of
1258 employees to the nearest ten or, where the number of employees is greater than 1000, to the
1259 nearest 100.

1260 See [Tables I-4](#) for examples on how to present this data.

1261 **Guidance to ACT-2-b**

1262 Quantitative data, such as the number of temporary and part-time employees is unlikely to
1263 provide sufficient information on its own. For example, a high number of temporary or part-time
1264 employees could indicate a lack of security for employees, but it could equally signal flexibility
1265 when offered as a voluntary choice. For this reason, quantitative data should be accompanied by
1266 contextual information to help information users understand the data and formulate an
1267 appropriate interpretation.

1268 The organization can explain the reasons for temporary employment (e.g., to undertake work on
1269 temporary or seasonal projects or events, or because it is standard practice to offer a temporary
1270 contract to new employees). If differences in employment contracts exist between genders or
1271 between regions, the organization can explain the reasons for these differences.

1272 Similarly, the organization can explain the reasons for part-time employment (e.g., to
1273 accommodate employees' requests to work reduced hours, or because it is unable to provide
1274 full-time employment to all employees). The organization can also explain how full-time
1275 employment is defined and whether the same definition applies globally. If differences in
1276 employment types exist between genders or between regions, the organization can explain the
1277 reasons for these differences.

1278 **Guidance to ACT-2-c**

1279 Workers who are not employees are those who perform work for the organization but are not
1280 in an employment relationship with the organization (e.g., agency workers, contractors, self-
1281 employed persons, volunteers). ACT-2-c provides an understanding of how much the
1282 organization relies on workers who are not employees to perform its work compared to
1283 employees.

1284 Control of work implies that the organization directs the work performed or has control over
1285 the means or methods for performing the work. The organization might have sole control of the
1286 work or share control with one or more organizations (e.g., suppliers, customers, or other
1287 business partners, such as in joint ventures).

1288 If the organization is unable to report exact figures, it can report estimates of the number of
1289 workers who are not employees to the nearest ten or, where the number of workers who are
1290 not employees is greater than 1000, to the nearest 100.

1291 If all the workers performing work for the organization are employees and the organization does
1292 not engage any workers who are not employees, a brief statement of this fact is sufficient to
1293 meet the requirement.

1294 **Guidance to ACT-2-c-i and ACT-2-c-ii**

1295 ACT-2-c-i requires the organization to report the most common types of worker who are not
1296 employees. The organization can use the following categories to report the types of worker:
1297 agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-
1298 contractors, volunteers. The organization is also required to report its contractual relationship
1299 with the most common types of worker, i.e., whether it engages them directly or indirectly
1300 through a third party, and in the latter case, who this third party is (e.g., employment agency,
1301 sub-contractor). ACT-2-c-ii requires the organization to describe the work performed by the
1302 most common types of worker.

1303 It is sufficient to provide a general description; the organization is not required to report the
1304 type of worker, contractual relationship, and work performed for every worker that is not an
1305 employee.

1306 **Guidance to ACT-2-d**

1307 The organization is required to describe all fluctuations in the number of employees and workers
1308 who are not employees that it deems significant. The description can include how the numbers
1309 vary (e.g., whether the numbers have increased or decreased during the reporting period or in
1310 comparison to the previous reporting period), and the reasons for the fluctuations (e.g., an
1311 increase in workers who are not employees due to a seasonal event taking place, or a decrease
1312 in the number of employees in comparison to the previous reporting period due to the
1313 completion of a temporary project).

1314 If there are no significant fluctuations in the number of employees and workers who are not
1315 employees during the reporting period or between reporting periods, a brief statement of this
1316 fact is sufficient to meet the requirement.

1317 **Guidance to ACT-2-e**

1318 The organization should report the number of employees by employment type (full-time and
1319 part-time) in head count. The head count gives insight into the number of individual workers
1320 performing work for the organization, whether on a full-time or part-time basis.

1321 The organization can report the number of employees by employment contract (permanent and
1322 temporary) in head count or full-time equivalent (FTE). Reporting these numbers in FTE gives
1323 insight into the hours worked.

1324 The organization can also use another methodology for reporting these numbers if that is
1325 appropriate.

1326 Reporting the number of employees and workers who are not employees at the end of the
1327 reporting period provides information for that point in time, without capturing any fluctuations
1328 during the reporting period. Reporting these numbers in averages across the reporting period
1329 takes into account fluctuations during the reporting period.

1330 **Table 1 Example template for**
1331 **presenting information for ACT-2-a-i**

Total number of employees by employment contract, by gender	
Female	Year
Permanent	[Number]
Temporary	[Number]
Total	[Number]
Male	
Permanent	[Number]
Temporary	[Number]
Total	[Number]
Other gender category (to be determined by the organization as needed)	
Permanent	[Number]
Temporary	[Number]
Total	[Number]
Grand total	[Number]

1334 **Table 3 Example template for**
1335 **presenting information for ACT-2-a-iii**

Total number of employees by employment type, by gender	
Female	Year
Full-time	[Number]
Part-time	[Number]
Total	[Number]
Male	
Full-time	[Number]
Part-time	[Number]
Total	[Number]
Other gender category (to be determined by the organization as needed)	
Full-time	[Number]
Part-time	[Number]
Total	[Number]
Grand total	[Number]

1332 **Table 2 Example template for**
1333 **presenting information for ACT-2-a-ii**

Total number of employees by employment contract, by region	
Region A	Year
Permanent	[Number]
Temporary	[Number]
Total	[Number]
Region B	
Permanent	[Number]
Temporary	[Number]
Total	[Number]
Grand total	[Number]

1336 **Table 4 Example template for**
1337 **presenting information for ACT-2-a-iv**

Total number of employees by employment type, by region	
Region A	Year
Full-time	[Number]
Part-time	[Number]
Total	[Number]
Region B	
Full-time	[Number]
Part-time	[Number]
Total	[Number]
Grand total	[Number]

1338 4. Governance

1339 Transparency on the governance structure, composition, roles, and remuneration is important to
1340 ensure the accountability of the relevant bodies and individuals with respect to the organization's
1341 contribution to sustainable development.

1342 In the disclosures in this section the term 'sustainable development topics' refers to topics that
1343 reflect the organization's impacts on the economy, environment, and people, including impacts on
1344 human rights.

1345 Disclosure GOV-1 Governance structure and composition

1346 Requirements

1347 The organization shall:

- 1348 a. describe its governance structure, including committees of the highest governance
1349 body;
- 1350 b. report the committees of the highest governance body responsible for decision-
1351 making on and overseeing the management of sustainable development topics;
- 1352 c. describe the composition of the highest governance body and its committees by:
 - 1353 i. executive and non-executive members;
 - 1354 ii. independence;
 - 1355 iii. tenure of members on the governance body;
 - 1356 iv. number of each member's other significant positions and commitments, and
1357 the nature of the commitments;
 - 1358 v. gender;
 - 1359 vi. membership of under-represented social groups;
 - 1360 vii. competencies relating to sustainable development topics that are relevant to
1361 the organization and the sector in which it operates;
 - 1362 viii. stakeholder representation.

1363 Disclosure GOV-2 Nomination and selection of the highest 1364 governance body

1365 Requirements

1366 The organization shall:

- 1367 a. describe the nomination and selection processes for the highest governance body
1368 and its committees;

- 1369 b. describe the criteria used for nominating and selecting highest governance body
1370 members, including whether and how:
- 1371 i. stakeholders (including shareholders) are involved;
 - 1372 ii. diversity is considered;
 - 1373 iii. independence is considered;
 - 1374 iv. expertise and experience relating to sustainable development topics are
1375 considered.

1376 Disclosure GOV-3 Responsibilities for sustainable development
1377 topics and delegation

1378 **Requirements**

1379 The organization shall:

- 1380 a. describe the role and responsibilities of the highest governance body with regard to
1381 decision-making for sustainable development topics;
- 1382 b. report whether the organization has appointed any senior executives with
1383 responsibility for sustainable development topics;
- 1384 c. describe how management of sustainable development topics is delegated from the
1385 highest governance body to senior executives and other employees;
- 1386 d. describe the internal resources that the organization has for managing sustainable
1387 development topics;
- 1388 e. describe the process and specify the frequency for reporting to the highest
1389 governance body on sustainable development topics.

1390 Disclosure GOV-4 Stakeholder consultation on sustainable
1391 development topics

1392 **Requirements**

1393 The organization shall:

- 1394 a. describe the processes for consultation between stakeholders and the highest
1395 governance body on sustainable development topics;
- 1396 b. if responsibility for stakeholder consultation is delegated, report to whom it is
1397 delegated, and how the feedback received is provided to the highest governance
1398 body.

1399 Disclosure GOV-5 Chair of the highest governance body

1400 Requirements

1401 The organization shall:

- 1402 a. report whether the chair of the highest governance body is also a senior executive
- 1403 in the organization;
- 1404 b. if the chair is also a senior executive, explain their function within the
- 1405 organization's management, the reasons for this arrangement, and how any
- 1406 conflicts of interest are managed.

1407 Disclosure GOV-6 Conflicts of interest

1408 Requirements

1409 The organization shall:

- 1410 a. describe the processes for the highest governance body to ensure that conflicts of
- 1411 interest are avoided and managed;
- 1412 b. report whether conflicts of interest are disclosed to stakeholders, including, as a
- 1413 minimum, the following conflicts of interest:
 - 1414 i. Cross-board membership;
 - 1415 ii. Cross-shareholding with suppliers and other stakeholders;
 - 1416 iii. Existence of controlling shareholder;
 - 1417 iv. Related parties, their relationships, transactions, and outstanding balances.

1418 Guidance

1419 Background

1420 See reference 13 in the [References section](#).

1421 Guidance to GOV-6-b-iii

1422 The organization should use the definition of controlling shareholder applied in the organization's

1423 consolidated financial statements or equivalent documents.

1424 Disclosure GOV-7 Role of the highest governance body in setting
1425 purpose, values, and strategy

1426 **Requirements**

1427 **The organization shall:**

- 1428 a. describe the role of the highest governance body and of senior executives in the
1429 development, approval, and updating of the organization's purpose, value or
1430 mission statements, strategies, policies, and goals related to sustainable
1431 development topics.

1432 Disclosure GOV-8 Collective knowledge of the highest governance
1433 body

1434 **Requirements**

1435 **The organization shall:**

- 1436 a. report measures taken to develop the collective knowledge, skills, and experience
1437 of the highest governance body on sustainable development topics.

1438 Disclosure GOV-9 Evaluation of the performance of the highest
1439 governance body

1440 **Requirements**

1441 **The organization shall:**

- 1442 a. describe processes for evaluating the performance of the highest governance body
1443 with respect to governance of sustainable development topics;
- 1444 b. report whether the evaluation is independent or not, and the frequency of the
1445 evaluation;
- 1446 c. describe actions taken in response to the evaluation, including, as a minimum,
1447 changes in membership and organizational practices.

1448 Disclosure GOV-10 Identification and management of impacts

1449 Requirements

1450 The organization shall:

- 1451 a. describe the role of the highest governance body in overseeing the organization's
1452 processes to identify and manage sustainable development topics and their related
1453 impacts, including:
- 1454 i. the role of the highest governance body in due diligence processes;
 - 1455 ii. the role of any committees of the highest governance body with specific
1456 responsibilities for these processes;
 - 1457 iii. how the highest governance body considers and reviews the outcomes of
1458 these processes;
- 1459 b. report whether stakeholder consultation is used to support the role of the highest
1460 governance body as described in GOV-10-a;
- 1461 c. specify the frequency of reporting to the highest governance body on the
1462 organization's processes as described in GOV-10-a;
- 1463 d. describe the role of the highest governance body in reviewing the effectiveness of
1464 the organization's processes as described in GOV-10-a, and specify the frequency of
1465 this review.

1466 Guidance

1467 Background

1468 See references 13, 15, 17, and 18 in the [References section](#).

1469 Disclosure GOV-11 Role of the highest governance body in 1470 sustainability reporting

1471 Requirements

1472 The organization shall:

- 1473 a. report the committee of the highest governance body or senior executive position
1474 that formally reviews and approves the organization's sustainability reporting and
1475 ensures that the organization reports all identified material topics.

1476 Guidance

1477 Guidance to GOV-11

1478 The organization is also required to include in its sustainability reporting a statement by the highest
1479 governance body or most senior executive position acknowledging their responsibility that the
1480 reported information has been prepared in accordance with the GRI Standards or with reference to

1481 the GRI Standards, depending on the case. See Sections 3.1 and 3.2 of *GRI 101: Using the GRI*
1482 *Standards*.

1483 Disclosure GOV-12 Communication of critical concerns

1484 Requirements

1485 The organization shall:

- 1486 a. describe the processes for communicating critical concerns with regard to
1487 sustainable development topics to the highest governance body;
- 1488 b. report the total number and nature of critical concerns that were communicated
1489 to the highest governance body during the reporting period;
- 1490 c. describe the mechanisms used to address and resolve critical concerns.

1491 Disclosure GOV-13 Remuneration policies

1492 Requirements

1493 The organization shall:

- 1494 a. describe the remuneration policies for highest governance body members and
1495 senior executives, including:
 - 1496 i. fixed pay and variable pay, such as performance-based pay, equity-based pay,
1497 bonuses, and deferred and vested shares;
 - 1498 ii. sign-on bonuses or recruitment incentive payments;
 - 1499 iii. termination payments;
 - 1500 iv. clawbacks;
 - 1501 v. retirement benefits, such as the difference between benefit schemes and
1502 contribution rates for the highest governance body members, senior
1503 executives, and all other employees;
- 1504 b. describe how performance criteria in the remuneration policies for highest
1505 governance body members and senior executives relate to their objectives for
1506 sustainable development topics.

1507 Guidance

1508 Background

1509 Remuneration policies are established to ensure that the remuneration arrangements support the
1510 organization's strategy and its contribution to sustainable development, align with the interests of
1511 stakeholders, and enable the recruitment, motivation, and retention of highest governance body
1512 members, senior executives, and employees.

1513 **Guidance to GOV-13**

1514 If the organization uses performance-related pay, it should describe how remuneration for senior
1515 executives is designed to reward long-term performance.

1516 If the organization uses termination payments, it should explain whether:

- 1517 • notice periods for highest governance body members and senior executives are different
1518 from those for other employees;
- 1519 • termination payments for highest governance body members and senior executives are
1520 different from those for other employees;
- 1521 • any payments other than those related to the notice period are paid to departing highest
1522 governance body members and senior executives;
- 1523 • any mitigation clauses are included in the termination arrangements.

1524 **Disclosure GOV-14 Process for determining remuneration**

1525 **Requirements**

1526 **The organization shall:**

- 1527 a. **describe its process for determining remuneration, including its remuneration**
1528 **policies;**
- 1529 b. **report whether independent members of the highest governance body or an**
1530 **independent remuneration committee oversee the remuneration process;**
- 1531 c. **describe how the views of stakeholders (including shareholders) regarding**
1532 **remuneration are sought and taken into account;**
- 1533 d. **report the results of votes on remuneration policies and proposals, if applicable;**
- 1534 e. **report whether remuneration consultants are involved in determining**
1535 **remuneration and, if so, report any relationships that the remuneration consultants**
1536 **have with the organization, its highest governance body, or senior executives.**

1537 **Disclosure GOV-15 Annual total compensation ratio**

1538 **Requirements**

1539 **The organization shall:**

- 1540 a. **report the ratio of the annual total compensation for the organization's highest-**
1541 **paid individual in each country of significant operations to the median annual total**
1542 **compensation for all employees (excluding the highest-paid individual) in the same**
1543 **country;**
- 1544 b. **report the ratio of the percentage increase in annual total compensation for the**
1545 **organization's highest-paid individual in each country of significant operations to**
1546 **the median percentage increase in annual total compensation for all employees**
1547 **(excluding the highest-paid individual) in the same country.**

1548 **Guidance**

1549 **Guidance to GOV-15**

1550 When calculating the ratios, the organization should:

- 1551 • for each country of significant operations:
- 1552 – list types of compensation included;
- 1553 – specify whether full-time and part-time employees are included;
- 1554 – specify whether full-time equivalent pay rates are used for each part-time employee;
- 1555 • depending on the organization’s remuneration policies and availability of data, consider all of
- 1556 the following components:
- 1557 (i) the base salary, which is the sum of guaranteed, short-term, and non-variable cash
- 1558 compensation;
- 1559 (ii) total cash compensation, which is the sum of (i) the base salary, together with cash
- 1560 allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash
- 1561 payments;
- 1562 (iii) direct compensation, which is the sum of (ii) total cash compensation, together with
- 1563 total fair value of all annual long-term incentives, such as stock option awards, restricted
- 1564 stock shares or units, performance stock shares or units, phantom stock shares, stock
- 1565 appreciation rights, and long-term cash awards.

5. Responsible business conduct

1566

1567 The disclosures in this section provide an overview of the organization's policies and practices for
1568 responsible business conduct. The disclosures are based on expectations for businesses contained in
1569 internationally recognized instruments, which include the International Labour Organization (ILO),
1570 *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*; the Organisation
1571 for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*
1572 and *OECD Due Diligence Guidance for Responsible Business Conduct*; and the United Nations (UN),
1573 *Guiding Principles on Business and Human Rights*. These instruments in turn are based on international
1574 legal instruments, such as the UN's *International Bill of Human Rights* and the ILO conventions.

1575 Expectations for responsible business conduct include complying with laws and regulations;
1576 respecting all internationally recognized human rights, including the rights of workers; protecting the
1577 environment, public health and safety; combating bribery, bribe solicitation, extortion, and other
1578 forms of corruption; adhering to good tax practices; as well as conducting due diligence in order to
1579 identify, prevent, mitigate, and account for how an organization addresses its negative impacts on the
1580 economy, environment, and people.

1581 Disclosure RBC-I Statement on sustainable development strategy

1582 Requirements

1583 The organization shall:

- 1584 a. provide a statement from the highest governance body or most senior executive of
1585 the organization about the relevance of sustainable development to the
1586 organization and its strategy for contributing to sustainable development.

1587 Guidance

1588 Guidance to RBC-I

1589 The statement should include:

- 1590 • the vision and strategy for the short-term, medium-term, and long-term, with respect to
1591 managing the organization's impacts on the economy, environment, and people, including
1592 impacts on human rights, across its activities and business relationships;
- 1593 • short-term and medium-term strategic priorities for contributing to sustainable
1594 development, including observance of internationally recognized standards and agreements;
- 1595 • broader trends (e.g., macroeconomic or political) affecting the organization's strategy for
1596 contributing to sustainable development;
- 1597 • changes in the business model to address impacts to sustainable development;
- 1598 • key events, achievements, and failures with respect to the organization's contributions to
1599 sustainable development during the reporting period;
- 1600 • overview of performance against goals and targets for the organization's material topics for
1601 contributing to sustainable development during the reporting period;
- 1602 • the organization's main challenges and goals and targets for the next year and for the coming
1603 three to five years with respect to its contribution to sustainable development.

1604 When determining whether the highest governance body or most senior executive provides the
1605 required statement, the organization should consider its legal and operating context. For some
1606 organizations this will be influenced by applicable legislation or regulation, which can be related to:

- 1607 • the country where the organization is incorporated or registered;
- 1608 • a stock exchange the organization trades its securities on;
- 1609 • the nature and type of the organization (e.g., charity, incorporated company, mutual
1610 organization).

1611 Disclosure RBC-2 Policy commitments

1612 Requirements

1613 The organization shall:

- 1614 a. describe its policy commitments for responsible business conduct, including:
 - 1615 i. the internationally recognized instruments that the commitments reference;
 - 1616 ii. whether the commitments stipulate conducting due diligence;
 - 1617 iii. whether the commitments stipulate applying the precautionary principle;
 - 1618 iv. whether the commitments stipulate respecting human rights;
- 1619 b. describe its specific policy commitment to respect human rights, including:
 - 1620 i. the internationally recognized human rights that the commitment covers;
 - 1621 ii. the categories of stakeholders, including at-risk or vulnerable groups, that
1622 the organization gives particular attention to in the commitment;
- 1623 c. provide links to the policy commitments if publicly available, or, if the policy
1624 commitments are not publicly available, explain the reason for this;
- 1625 d. report the level at which each of the policy commitments was approved within the
1626 organization, including whether this is the most senior level, and the date of
1627 approval;
- 1628 e. report whether the policy commitments apply solely to the organization's own
1629 activities or whether they also stipulate the organization's expectations of those
1630 with which it has business relationships and, if so, describe what those expectations
1631 are;
- 1632 f. describe how the policy commitments are communicated to workers, business
1633 partners, and other relevant parties;
- 1634 g. if the organization does not have any of the policy commitments in RBC-2-a,
1635 explain the reason for not having them or describe any plans to develop them.

1636 Guidance

1637 Background

1638 This disclosure covers the organization's policy commitments for responsible business conduct,
1639 including the commitment to respect human rights. These commitments can be set out in a

1640 standalone policy document or they can be included within one or more other policy documents,
1641 such as codes of conduct.

1642 The *OECD Guidelines for Multinational Enterprises*, the *OECD Due Diligence Guidance for Responsible*
1643 *Business Conduct*, and the *UN Guiding Principles on Business and Human Rights* set out expectations for
1644 organizations in relation to these commitments.

1645 **Guidance to RBC-2-a**

1646 The organization should report the expectations, values, principles, and norms of behavior set out in
1647 the policy commitments.

1648 The organization can also report how the policy commitments were developed, including the
1649 internal and external expertise that informed the policy commitments.

1650 **Guidance to RBC-2-a-i**

1651 The introduction to this section (i.e., [Section 5](#) of this Standard) provides examples of internationally
1652 recognized instruments for responsible business conduct.

1653 The organization can also make a reference to other standards or initiatives that it participates in.

1654 **Guidance to RBC-2-a-iii**

1655 The precautionary principle is set out in Principle 15 of the *UN Rio Declaration on Environment and*
1656 *Development*. It states: 'Where there are threats of serious or irreversible damage, lack of full
1657 scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent
1658 environmental degradation.'

1659 Applying the precautionary principle means taking early action in situations where there is sufficient
1660 reason to expect serious or irreversible damage, in advance of complete scientific understanding or
1661 evidence, to prevent and mitigate potential negative impacts on people's health and the environment.

1662 While the precautionary principle is most often associated with the protection of the environment,
1663 it can be applied to other areas, such as health and safety. The organization can describe the areas
1664 where it applies the precautionary principle.

1665 **Guidance to RBC-2-b-i**

1666 If the policy commitment covers all internationally recognized human rights, a brief statement of this
1667 fact is sufficient to meet the requirement. The organization can also state if the policy commitment
1668 references certain rights that require particular attention. For example, it can state that its policy
1669 commitment covers all internationally recognized human rights and also references the rights to
1670 privacy and freedom of expression in particular because the organization has identified that its
1671 activities have an impact on these rights.

1672 If the policy commitment only covers some internationally recognized human rights, the organization
1673 is required to state the rights that are covered. In addition, it can explain why the policy
1674 commitment is limited to these rights.

1675 **Guidance to RBC-2-b-ii**

1676 Categories of stakeholders that the organization gives particular attention to can include consumers,
1677 customers, employees, local communities, and workers, among others. They can also include
1678 individuals belonging to groups or populations that are considered to be vulnerable or at risk, such
1679 as women; persons who might be discriminated against based on their sexual orientation, gender
1680 identity, gender expression, or sex characteristics (e.g., lesbian, gay, bisexual, transgender, intersex);
1681 indigenous peoples; national or ethnic, religious and linguistic minorities; children; persons with
1682 disabilities; migrant workers and their families; and/or human rights defenders.

1683 For example, a bank might give particular attention in its policy commitment to avoid discriminating
1684 against specific categories of customers, or a mining company might give particular attention to avoid
1685 infringing on the rights of indigenous peoples.

1686 **Guidance to RBC-2-d**

1687 The most senior level can differ between organizations. For example, the most senior level in an
1688 organization can be the highest governance body (e.g., the board), or it can be the most senior
1689 executive (e.g., Chief Executive Officer).

1690 The organization can also report the dates of adoption of the policy commitments (if different from
1691 the date of their approval), and how frequently they are reviewed.

1692 **Guidance to RBC-2-e**

1693 If the policy commitments apply to all of the organization's own activities and business relationships
1694 equally, a brief statement of this fact is sufficient to meet the requirement.

1695 If the policy commitments apply to only some of the organization's own activities (e.g., they apply
1696 only to entities located in certain countries, or to certain subsidiaries), the organization can report
1697 which of its activities the commitments apply to and explain why the commitments are limited to
1698 these activities.

1699 If the policy commitments stipulate expectations for only some of the organization's business
1700 relationships, the organization can specify the types of business relationships (e.g., distributors,
1701 franchisees, joint ventures, suppliers), and explain why the expectations are limited to these business
1702 relationships.

1703 When describing the organization's expectations of those with which it has business relationships,
1704 the organization can explain whether they are obligated to abide by the policy commitments or are
1705 encouraged (but not obligated) to do so.

1706 **Guidance to RBC-2-f**

1707 The organization can report:

- 1708 • whether the policy commitments need to be read, agreed to, and signed regularly by all
1709 workers, business partners, and other relevant parties, such as governance body members;
- 1710 • the means through which it communicates the policy commitments (e.g., newsletters, formal
1711 or informal meetings, dedicated websites, contractual agreements);
- 1712 • how it identifies and removes potential barriers to the communication or dissemination of
1713 the policy commitments (e.g., by making them accessible and available in relevant languages).

1714 **Disclosure RBC-3 Embedding the policy commitments throughout**
1715 **the organization**

1716 **Requirements**

1717 **The organization shall:**

- 1718 **a. describe how the organization embeds each of its policy commitments for**
1719 **responsible business conduct throughout its activities and business relationships,**
1720 **including:**

- 1721 i. **how the organization allocates responsibility for implementing the**
 1722 **commitments across different levels within the organization;**
- 1723 ii. **how the organization integrates the commitments into organizational**
 1724 **strategies and operational policies and procedures;**
- 1725 iii. **how the organization works with those with which it has business**
 1726 **relationships, to implement the commitments;**
- 1727 iv. **training that the organization provides on implementing the commitments.**

1728 **Guidance**

1729 **Background**

1730 This disclosure gives insight into how the organization embeds its policy commitments for
 1731 responsible business conduct, including the commitment to respect human rights, throughout its
 1732 activities and business relationships in order to ensure that people at all levels act responsibly and
 1733 with awareness of and respect for human rights.

1734 **Guidance to RBC-3-a-i**

1735 The different levels within an organization can include the highest governance body, senior
 1736 executives, and operational levels.

1737 The organization can report:

- 1738 • the most senior level with oversight of, or accountability for, the implementation of the
 1739 commitments;
- 1740 • the functions in the organization with day-to-day responsibility for implementing each of the
 1741 commitments (e.g., human resources with the responsibility for implementing the
 1742 commitment to respect the rights of workers), their reporting lines to senior decision-
 1743 making levels, and the reason for allocating the responsibility to them;
- 1744 • whether responsible business conduct is formally discussed at meetings of the highest
 1745 governance body or senior executives and, if so, which topics are discussed;
- 1746 • whether there are other formal or systematic means for discussions about responsible
 1747 business conduct between different levels or functions in the organization (e.g., a cross-
 1748 functional working group).

1749 **Guidance to RBC-3-a-ii**

1750 The organization can describe:

- 1751 • how it aligns the commitments with its:
 - 1752 – broader risk management systems and management policies;
 - 1753 – environmental and social impact or risk assessments and other due diligence processes;
 - 1754 – policies and procedures that set financial and other performance incentives for
 1755 management or workers;
- 1756 • how it applies the commitments when making decisions, such as about its sourcing and
 1757 operating locations;
- 1758 • the systems it uses for monitoring compliance with the commitments across its activities and
 1759 business relationships.

1760 **Guidance to RBC-3-a-iii**

1761 The organization can describe:

- 1762 • its procurement or investment policies and practices, and its engagement with those with
1763 which it has business relationships, including:
- 1764 – whether and how it applies pre-qualification processes, bidding criteria, or screening
1765 criteria consistent with the expectations stipulated in the commitments;
 - 1766 – whether and how it considers the commitments in contracting or investment
1767 agreements, or in specific policies or codes of conduct for suppliers;
 - 1768 – whether and how it considers the commitments in the process of determining whether
1769 to initiate, continue, or terminate a business relationship;
- 1770 • processes through which it enables or supports business partners and other parties to
1771 implement the commitments (e.g., capacity building, peer sharing);
- 1772 • incentives that it offers to business partners and other parties to implement the
1773 commitments (e.g., price premiums, increased orders, or long-term contracts).

1774 **Guidance to RBC-3-a-iv**

1775 The organization can report:

- 1776 • the content of the training;
- 1777 • to whom the training is provided, and whether it is mandatory;
- 1778 • the form (e.g., in-person, online) and frequency of the training;
- 1779 • examples of how the organization has determined that the training is effective.

1780 The organization can report whether the training covers how to implement the commitments in
1781 general or in specific situations (e.g., ensuring the commitment toward privacy when handling
1782 customers' personal data, or ensuring the commitments are considered in procurement practices).

1783 The organization can specify if training is provided to those with day-to-day responsibility for and
1784 those with oversight of, or accountability for, the implementation of the commitments, as well as to
1785 those with which the organization has business relationships (e.g., distributors, franchisees, joint
1786 ventures, suppliers). The organization can also report the number or percentage of individuals,
1787 business partners, and other parties that have been trained during the reporting period.

1788 **Disclosure RBC-4 Grievance mechanisms and other remediation**
1789 **processes**

1790 **Requirements**

1791 **The organization shall:**

- 1792 **a. describe its commitments to provide for or cooperate in the remediation of**
1793 **negative impacts that the organization identifies it has caused or contributed to;**
- 1794 **b. describe its approach to identify and address grievances, including:**
- 1795 **i. the grievance mechanisms that the organization has established or**
1796 **participates in;**

- 1797 ii. **other processes by which the organization provides for or cooperates in the**
1798 **remediation of negative impacts that it identifies it has caused or contributed**
1799 **to;**
- 1800 c. **describe how the stakeholders who are the intended users of the grievance**
1801 **mechanisms and other remediation processes are involved in the design, review,**
1802 **operation, and improvement of these mechanisms and processes;**
- 1803 d. **describe how the organization tracks the effectiveness of the grievance**
1804 **mechanisms and other remediation processes and provide examples of their**
1805 **effectiveness, including stakeholder feedback.**

1806 **Guidance**

1807 **Background**

1808 This disclosure covers grievance mechanisms and other remediation processes that the organization
1809 has established or participates in. These mechanisms and processes enable stakeholders to raise
1810 concerns about impacts (actual and potential) that the organization has on them, including impacts
1811 on their human rights, and to seek remedy.

1812 The *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational*
1813 *Enterprises* set out expectations for organizations to provide for or cooperate in the remediation,
1814 through legitimate processes, of negative impacts that they identify they have caused or contributed
1815 to, and to establish or participate in effective operational-level grievance mechanisms.

1816 Grievance mechanisms are distinct from whistleblower mechanisms. Whistleblower mechanisms
1817 enable individuals to raise concerns about wrongdoing or breaches of the law in the organization's
1818 operations or business relationships, regardless of whether the individuals themselves are harmed or
1819 not. Whistleblower mechanisms are to be reported under [Disclosure RBC-5](#).

1820 **Guidance to RBC-4**

1821 This disclosure covers the operation of grievance mechanisms and other remediation processes that
1822 the organization has established or participates in. The disclosure does not cover environmental
1823 remediation processes, such as processes to remove contaminants from soil, when these are not
1824 connected to grievances raised by stakeholders. However, the remedy provided to stakeholders
1825 through the mechanisms and processes covered by this disclosure can involve environmental
1826 remediation.

1827 Examples where the organization has provided for or cooperated in the remediation of specific
1828 negative impacts through grievance mechanisms and other remediation processes, as well as
1829 environmental remediation processes, are to be reported under [MT-3-b-ii in GRI 103: Material](#)
1830 [Topics](#).

1831 **Guidance to RBC-4-b-i**

1832 Grievance mechanisms refer to any routinized, State-based or non-State-based, judicial or non-
1833 judicial processes through which stakeholders can raise grievances and seek remedy.

1834 Examples of State-based grievance mechanisms, both judicial and non-judicial, include courts (for
1835 both criminal and civil actions), labor tribunals, national human rights institutions, National Contact
1836 Points under the *OECD Guidelines for Multinational Enterprises*, ombudsperson offices, consumer
1837 protection agencies, regulatory oversight bodies, and government-run complaints offices.

1838 Non-State-based grievance mechanisms include those administered by the organization either alone
1839 or together with stakeholders, such as operational-level grievance mechanisms. It also includes
1840 collective bargaining and the mechanisms established by collective bargaining, as well as mechanisms

1841 administered by industry associations, international organizations, civil society organizations, or
1842 multi-stakeholder groups.

1843 Operational-level grievance mechanisms are administered by the organization either alone or in
1844 collaboration with other parties and are directly accessible by the organization's stakeholders. They
1845 allow for grievances to be identified and addressed early and directly, thereby preventing both harm
1846 and grievances from escalating, and can provide important feedback on the effectiveness of the
1847 organization's due diligence from those who are directly affected.

1848 The organization can describe:

- 1849 • the intended purpose and users of the mechanisms (i.e., whether they are intended for a
1850 particular stakeholder category, topic, or region) and whether they enable users to raise
1851 human rights-related concerns. For example, the organization can explain that it has
1852 established a mechanism for community members to raise complaints about resettlement
1853 and a separate hotline for workers to raise concerns about issues affecting their rights, such
1854 as health and safety conditions;
- 1855 • how the mechanisms operate and who administers them (the organization and/or another
1856 party);
- 1857 • for operational-level grievance mechanisms, whether they are administered at the
1858 organizational level or at a lower level, such as at the site or project level, and in the latter
1859 case, how data from these mechanisms is centralized;
- 1860 • how the mechanisms have been designed and the principles and guidelines on which they are
1861 based, including whether they are designed to meet the effectiveness criteria set out in UN
1862 Guiding Principle 31;
- 1863 • the process through which grievances are investigated;
- 1864 • whether grievances are treated confidentially;
- 1865 • whether the mechanisms can be used by stakeholders anonymously through representation
1866 by a third party;
- 1867 • whether the organization requires or provides incentives for the creation or improvement
1868 of operational-level grievance mechanisms in workplaces of suppliers;
- 1869 • whether the organization provides a back-up process for workplaces of suppliers that do not
1870 have operational-level grievance mechanisms or where the existing grievance mechanisms in
1871 those workplaces result in unresolved issues.

1872 **Guidance to RBC-4-b-ii**

1873 RBC-4-b-ii covers remediation processes other than grievance mechanisms.

1874 Examples include a customer service desk where customers can raise complaints about
1875 discrimination or privacy issues and receive remedy, or instances where the organization takes
1876 action to remediate an actual impact evidenced in an impact assessment or a report published by a
1877 civil society organization.

1878 See Guidance to RBC-4-b-i for more information on how to report on other remediation processes.

1879 **Guidance to RBC-4-c**

1880 The organization can describe, for example, how it engages with stakeholders who are the intended
1881 users of the grievance mechanisms, to understand how they want to access the mechanisms to raise
1882 concerns and their expectations about how the mechanisms will operate.

1883 **Guidance to RBC-4-d**

1884 According to UN Guiding Principle 31, effective grievance mechanisms are legitimate, accessible,
1885 predictable, equitable, transparent, rights-compatible, and a source of continuous learning. In
1886 addition to these criteria, effective operational-level grievance mechanisms are also based on
1887 engagement and dialogue. It is acknowledged that it can be more difficult for the organization to
1888 assess the effectiveness of grievance mechanisms that it participates in compared to those it has
1889 established itself.

1890 The organization can report:

- 1891 • whether and how the intended users are informed about the grievance mechanisms and
1892 remediation processes and trained on how to use them;
- 1893 • the accessibility of the mechanisms and processes, such as the total number of hours per day
1894 or days per week that they are available and their availability in different languages;
- 1895 • how the organization seeks to ensure that users are treated with respect and protected
1896 against reprisals (i.e., non-retaliation for raising complaints or concerns);
- 1897 • how satisfied users are with the mechanisms and processes or the resulting outcomes, and
1898 how the organization assesses users' satisfaction;
- 1899 • the number and types of grievances filed during the reporting period, and the percentage of
1900 grievances that were addressed and resolved, including the percentage that were resolved
1901 through remediation;
- 1902 • the number of grievances filed during the reporting period that are repeated or recurring;
- 1903 • changes made to the mechanisms and processes in response to lessons learned about their
1904 effectiveness.

1905 Quantitative information, such as the number of grievances, is unlikely to be sufficient on its own.
1906 For example, a low number of grievances could indicate that few incidents have occurred, but it
1907 could equally signal that the mechanisms are not trusted by their intended users. For this reason,
1908 contextual information should be provided to aid in understanding and interpreting the quantitative
1909 information.

1910 **Disclosure RBC-5 Mechanisms for seeking advice and raising**
1911 **concerns**

1912 **Requirements**

1913 **The organization shall:**

- 1914 **a. describe the mechanisms for individuals to:**
 - 1915 **i. seek advice on implementing the organization's policies and practices for**
1916 **responsible business conduct;**
 - 1917 **ii. raise concerns about the organization's responsible business conduct.**

1918 **Guidance**

1919 **Background**

1920 This disclosure covers the organization's mechanisms for individuals to seek advice and to raise
1921 concerns about responsible business conduct in the operations of the organization and its business
1922 relationships. Examples of these mechanisms include confidential interviews during site visits,
1923 escalation processes (to raise issues through management levels), hotlines, mechanisms to report
1924 non-compliance with laws and regulations, and whistleblowing mechanisms.

1925 These mechanisms enable individuals to raise concerns about wrongdoing or breaches of the law in
1926 the organization's operations or business relationships, regardless of whether the individuals
1927 themselves are harmed or not. They are distinct from grievance mechanisms, which enable
1928 stakeholders to raise concerns about impacts (actual and potential) that the organization has on
1929 them, including impacts on their human rights, and to seek remedy. Grievance mechanisms are to be
1930 reported under [Disclosure RBC-4](#).

1931 **Guidance to RBC-5**

1932 If the organization's grievance mechanisms and its mechanisms for seeking advice and raising
1933 concerns about responsible business conduct operate in a similar way, the organization can provide
1934 a single description of how these mechanisms operate and clearly state which mechanisms the
1935 description covers.

1936 **Guidance to RBC-5-a**

1937 The organization can report:

- 1938 • who the intended users of the mechanisms are;
- 1939 • how the mechanisms operate and which level or function in the organization is assigned
1940 responsibility for them;
- 1941 • whether the mechanisms operate independently of the organization (e.g., by a third party);
- 1942 • the process through which concerns are investigated;
- 1943 • whether requests for advice and concerns raised are treated confidentially;
- 1944 • whether the mechanisms can be used anonymously.

1945 Additionally, the organization can report on the effectiveness of the mechanisms, including:

- 1946 • whether and how the intended users are informed of the mechanisms and trained on how to
1947 use them;
- 1948 • the accessibility of the mechanisms, such as the total number of hours per day or days per
1949 week that they are available and their availability in different languages;
- 1950 • how the organization seeks to ensure users are treated with respect and protected against
1951 reprisals (i.e., non-retaliation for reporting concerns);
- 1952 • how satisfied users are with the mechanisms or the resulting outcomes;
- 1953 • the number and types of requests for advice received during the reporting period, and the
1954 percentage of requests that were answered;
- 1955 • the number and types of concerns raised during the reporting period, and the percentage of
1956 concerns that were addressed and resolved, or found to be unsubstantiated.

1957 Disclosure RBC-6 Compliance with laws and regulations

1958 Requirements

1959 The organization shall:

1960 a. report instances of non-compliance with laws or regulations for which significant
1961 fines or non-monetary sanctions were incurred during the reporting period,
1962 including:

1963 i. total monetary value of the significant fines incurred;

1964 ii. total number of significant fines and total number of non-monetary sanctions
1965 incurred;

1966 iii. the nature of each instance of non-compliance for which a significant fine or
1967 non-monetary sanction was incurred;

1968 b. report instances of non-compliance with laws or regulations raised through dispute
1969 resolution mechanisms during the reporting period, including the nature of each
1970 instance of non-compliance.

1971 Guidance

1972 Background

1973 This disclosure addresses all laws and regulations related to economic, environmental, and social
1974 matters that are applicable to the organization. These laws and regulations can be issued by a variety
1975 of bodies including governments (local, regional, and national), regulatory authorities, and public
1976 agencies.

1977 Laws and regulations include:

1978 • international declarations, conventions, and treaties;

1979 • national, subnational, regional, and local regulations;

1980 • binding voluntary agreements made with regulatory authorities and developed as a substitute
1981 for implementing a new regulation;

1982 • voluntary agreements (or covenants) if the organization directly joins the agreement, or if
1983 public agencies make the agreement applicable to organizations in their territory through
1984 legislation or regulation.

1985 Laws and regulations relating to economic and social matters include topics such as accounting and
1986 tax fraud, corruption, bribery, competition, the provision of products and services, or labor issues,
1987 such as workplace discrimination.

1988 Laws and regulations relating to environmental matters include topics such as biodiversity, emissions,
1989 energy, material use, spills and leaks, waste, and water and effluents.

1990 Non-compliance with laws and regulations can give insight into the ability of management to ensure
1991 that the organization conforms to certain performance parameters. In some circumstances, non-
1992 compliance can lead to remediation obligations or liabilities other than fines, such as clean-up
1993 obligations in the case of environmental issues. The strength of an organization's compliance record
1994 can also influence its ability to gain permits and consequently to expand operations.

1995 **Guidance to RBC-6**

1996 Non-monetary sanctions can include restrictions imposed by governments, regulatory authorities, or
1997 public agencies, on the organization's activities or operations, such as withdrawal of trading licenses
1998 or licenses to operate in highly regulated industries.

1999 A fine or non-monetary sanction is significant if it could influence decision-making by information
2000 users making use of the organization's reported information. If the fine or non-monetary sanction is
2001 reported in the organization's audited consolidated financial statements or in the financial
2002 information filed on public record, it can be considered significant and is required to be reported
2003 under this disclosure.

2004 If the organization has not incurred any significant fines or non-monetary sanctions for non-
2005 compliance with laws or regulations, a brief statement of this fact is sufficient to meet the
2006 requirement.

2007 **Disclosure RBC-7 Membership associations**

2008 **Requirements**

2009 **The organization shall:**

- 2010 **a. report industry and other membership associations and national and international**
2011 **advocacy organizations in which it has a significant role.**

2012 **Guidance**

2013 **Guidance to RBC-7**

2014 The organization can have a significant role in an association or advocacy organization when it holds
2015 a position in the governance body, participates in projects or committees, provides substantive
2016 funding beyond routine membership dues, or views its membership as strategic to influencing the
2017 mission or objective of the association that is critical to the organization's own activities.

2018 6. Stakeholder engagement

2019 This section includes disclosures on the organization's stakeholder engagement practices, including
2020 how it engages in collective bargaining with employees.

2021 Disclosure SE-I Approach to stakeholder engagement

2022 Requirements

2023 The organization shall:

2024 a. describe its approach to engaging with stakeholders, including:

2025 i. the categories of stakeholders it engages with, and how they are identified;

2026 ii. the purpose of the stakeholder engagement;

2027 iii. how the organization seeks to ensure meaningful engagement with
2028 stakeholders.

2029 Guidance

2030 Guidance to SE-I

2031 Stakeholders are individuals or groups who have interests that are, or could be, affected by the
2032 organization's activities and decisions. For more information on stakeholders, see [Section 2.4 of GRI](#)
2033 [101: Using the GRI Standards](#).

2034 This disclosure covers stakeholder engagement undertaken by the organization as part of its ongoing
2035 activities rather than for the purpose of sustainability reporting.

2036 Guidance to SE-I-a-i

2037 Common categories of stakeholders for organizations include business partners, civil society
2038 organizations, consumers, customers, employees and other workers, governments, local
2039 communities, non-governmental organizations, shareholders, suppliers, trade unions, and vulnerable
2040 groups.

2041 The organization can explain how it determines which categories of stakeholders to engage with and
2042 which categories not to engage with.

2043 Guidance to SE-I-a-ii

2044 The organization can report the types of activities and decisions for which it engages with
2045 stakeholders, for example, to identify actual and potential negative impacts, or to determine
2046 prevention and mitigation responses to potential negative impacts. In some cases, stakeholder
2047 engagement is a right in and of itself, for example, the right of workers to form or join trade unions
2048 or their right to bargain collectively.

2049 The organization can additionally report:

- 2050 • the type and frequency (e.g., annually, quarterly) of stakeholder engagement. For example,
2051 whether the engagements are ongoing (e.g., in the case of systemic issues) or whether they
2052 are specific engagements with particular groups or for particular operations or projects;

- 2053 • when the organization engages directly with stakeholders and when it engages with credible
- 2054 stakeholder representatives or proxy organizations, or other credible independent expert
- 2055 resources, and why;
- 2056 • whether stakeholder engagement activities take place at the organizational level or at a
- 2057 lower level, such as at the site or project level, and in the latter case, how data from
- 2058 stakeholder engagement activities is centralized;
- 2059 • the resources (e.g., financial or human resources) allocated to stakeholder engagement.

2060 Further information on stakeholder engagement undertaken for specific activities, for example, for
 2061 the setup and operation of grievance mechanisms and other remediation processes, or for the
 2062 identification and management of material topics and related impacts, is reported under other
 2063 disclosures (RBC-4-d in this Standard, and MT-1-a-iii and MT-3-d in *GRI 103: Material Topics*).

2064 **Guidance to SE-1-a-iii**

2065 As stated in the *OECD Due Diligence Guidance for Responsible Business Conduct*, meaningful stakeholder
 2066 engagement is characterized by two-way communication and depends on the good faith of
 2067 participants on both sides. It is also responsive and ongoing, and includes engaging with relevant
 2068 stakeholders before decisions are made.

2069 The organization can report:

- 2070 • how it takes into account potential barriers to stakeholder engagement (e.g., language and
- 2071 cultural differences, gender and power imbalances, divisions within a community or group);
- 2072 • how it engages with at-risk or vulnerable groups, such as whether it takes specific
- 2073 approaches and gives special attention to potential barriers;
- 2074 • how it provides stakeholders with information that is understandable and accessible through
- 2075 appropriate communication channels;
- 2076 • how stakeholder feedback is recorded and integrated into decision-making, and how
- 2077 stakeholders are informed about how their feedback has influenced decisions;
- 2078 • how it seeks to respect the human rights of all stakeholders engaged, such as their rights to
- 2079 privacy, freedom of expression, and peaceful assembly and protest;
- 2080 • how it works with business partners to engage with stakeholders in a meaningful way,
- 2081 including expectations it places on business partners to respect the rights of stakeholders
- 2082 during engagement.

2083 **Disclosure SE-2 Collective bargaining agreements**

2084 **Requirements**

2085 **The organization shall:**

- 2086 **a. report the percentage of total employees covered by collective bargaining**
- 2087 **agreements;**
- 2088 **b. for employees not covered by collective bargaining agreements, report whether it**
- 2089 **determines their working conditions and terms of employment based on its**
- 2090 **existing collective bargaining agreements that cover other employees or based on**
- 2091 **collective bargaining agreements from other organizations.**

2092 **Guidance**

2093 **Background**

2094 The right to collective bargaining is a fundamental right at work that is covered in the *ILO Right to*
2095 *Organise and Collective Bargaining Convention*.

2096 Collective bargaining refers to negotiations that take place between one or more employers or
2097 employers' organizations and one or more workers' organizations (trade unions). The objective of
2098 these negotiations is to reach a collective agreement on working conditions and terms of
2099 employment (e.g., wages and working time) or to regulate relations between employers and
2100 workers.¹ These negotiations are an important means through which organizations and trade unions
2101 can improve working conditions and labor relations.

2102 Collective agreements can be made at the level of the organization, at the level of a particular site,
2103 and/or at the industry level or at the national level in countries where this is the practice. Collective
2104 agreements can cover specific groups of workers, for example, those performing a specific activity or
2105 working at a specific location.

2106 See references 1, 2, 3, 4, 5, 9, 10, 24, 26, and 27 in the [References section](#).

2107 **Guidance to SE-2-a**

2108 SE-2-a provides information on the proportion of the organization's employees whose working
2109 conditions and terms of employment (e.g., wages and working time) are regulated by one or more
2110 collective bargaining agreements. This can give insight into whether the organization respects its
2111 employees' rights to collective bargaining and freedom of association.

2112 This requirement does not ask for the percentage of employees belonging to trade unions, which
2113 might be a different number. The percentage of employees covered by collective bargaining
2114 agreements can be higher than the percentage of unionized employees when an organization is
2115 required to apply the collective bargaining agreements to both union and non-union members.
2116 Alternatively, the percentage of employees covered by collective bargaining agreements can be
2117 lower than the percentage of unionized employees when there are no collective bargaining
2118 agreements available or when the collective bargaining agreements do not cover all unionized
2119 employees.

2120 The percentage of total employees covered by collective bargaining agreements is calculated using
2121 the following formula:

$$2122 \frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Total number of employees reported under [Disclosure ACT-2](#)} \times 100$$

2123 The employees covered by collective bargaining agreements are those employees to whom the
2124 organization is obliged to apply the agreement. If an employee is covered by more than one
2125 collective bargaining agreement, it only needs to be counted once.

2126 Employees who are represented by a works council are not included under SE-2-a, unless the works
2127 council engages in collective bargaining that results in a collective bargaining agreement.

2128 If none of the organization's employees are covered by collective bargaining agreements, a brief
2129 statement of this fact is sufficient to meet the requirement.

2130 The organization can additionally report the percentage of employees covered by collective
2131 bargaining agreements per region or country, or provide comparisons with industry benchmarks.

¹ International Labour Organization (ILO), *Collective Bargaining Convention*, 1981 (No. 154).

2132 **Guidance to SE-2-b**

2133 SE-2-b only applies to organizations where some or all employees are not covered by collective
2134 bargaining agreements. In these cases, the organization might determine the working conditions and
2135 terms of employment of these employees based on its existing collective bargaining agreements that
2136 cover other employees (as reported under SE-2-a) or based on collective bargaining agreements
2137 from other organizations. SE-2-b requires the organization to report if this is the case.

2138 If all the organization's employees are covered by collective bargaining agreements, the organization
2139 does not need to report the information in SE-2-b.

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2140 *References*

2141 The following documents informed the development of this Standard and can be helpful for
2142 understanding and applying it.

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GRI I03: Material Topics

Exposure draft for public comment

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2222 Note 1: Defined terms are underlined in the text of the GRI Standards and hyperlinked to their
 2223 definitions in the Glossary.

2224 Note 2: The disclosure codes used in this Standard (e.g., MT-1) are not the final disclosure codes.
 2225 They are intended for the purpose of the public comment, to help users distinguish these disclosures
 2226 from the existing disclosures in *GRI 102: General Disclosures 2016* and *GRI 103: Management Approach*
 2227 *2016*.

2228 1. Introduction

2229 *GRI 103: Material Topics* is to be used by the organization to identify and to report on its material
2230 topics. Material topics are topics that reflect the organization's most significant impacts on the
2231 economy, environment, and people, including impacts on human rights.

2232 An organization reporting in accordance with the GRI Standards is required to identify its material
2233 topics and to report all disclosures in this Standard, as set out in [Section 3.1 of GRI 101: Using the](#)
2234 [GRI Standards](#).

2235 The organization is also required to use the GRI Sector Standard(s) that apply to its sector(s), where
2236 these are available, to identify its material topics. The Sector Standards provide information on the
2237 most likely material topics for organizations in a given sector. Using Sector Standards, however, is
2238 not a substitute for the organization's own process for identifying material topics.

2239 1.1 Overview of this Standard

2240 This Standard is structured as follows:

- 2241 • [Section 2](#) includes guidance in four steps on how to identify material topics.
- 2242 • [Section 3](#) contains three disclosures for the organization to report its material topics and
2243 related impacts, how it identifies its material topics, and how it manages each material topic.

2244 1.2 GRI Standards

2245 The GRI Standards help organizations increase their transparency and communicate their
2246 contribution to sustainable development. The GRI Standards are designed to be used by any
2247 organization – large or small, private or public, regardless of sector, location, and reporting
2248 experience. The Standards provide a consistent and credible way for organizations to report on
2249 their impacts, which in turn enhances the global comparability and quality of this information.

2250 The Standards provide a flexible framework for reporting. Organizations can either report on all
2251 their material topics in accordance with the GRI Standards, or they can use selected GRI Standards,
2252 or parts of their content, to report information with reference to the GRI Standards.

2253 Structure of the GRI Standards

2254 The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and
2255 Topic Standards.

2256 Universal Standards

2257 The three Universal Standards apply to all organizations reporting in accordance with the GRI
2258 Standards.

2259 ***GRI 101: Using the GRI Standards*** is the starting point for all organizations. It introduces the
2260 system of GRI Standards and explains how they are to be used.

2261 ***GRI 102: About the Organization*** contains disclosures for contextual information about the
2262 organization.

2263 ***GRI 103: Material Topics*** includes guidance for identifying material topics, and contains disclosures
2264 about the organization's material topics and how it identifies and manages them.

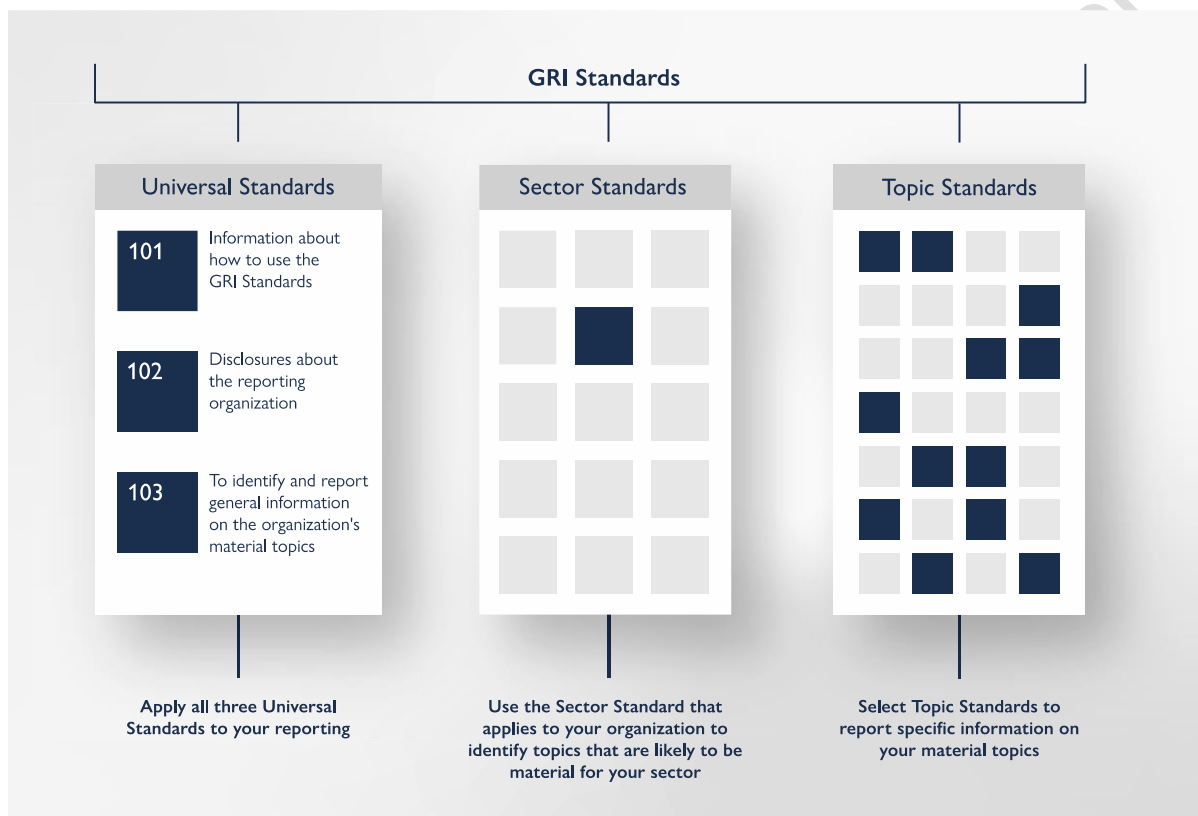
2265 **Sector Standards**

2266 The Sector Standards provide information on the most likely material topics for organizations in a
2267 given sector. The organization uses the applicable Sector Standard(s) to assist in identifying its
2268 material topics and what to report for each material topic.

2269 **Topic Standards**

2270 The Topic Standards include disclosures that provide information on particular topics. The
2271 organization selects and uses the Topic Standards that correspond to the material topics it has
2272 identified.

2273 **Figure I. GRI Standards: Universal, Sector, and Topic Standards**



2274 **I.3 Requirements, guidance, and defined terms**

2275 The following apply throughout the GRI Standards:

2276 **Requirements** are presented in bold font and indicated with the word 'shall'.

2277 As set out in [Section 3.1 of GRI 101: Using the GRI Standards](#), information required by the disclosures
2278 in [GRI 103](#) cannot be omitted. All information required by the disclosures in [GRI 103](#) is considered
2279 critical for information users to understand the organization's approach to its material topics.

2280 If the organization is unable to report the required information about an item specified in a
2281 disclosure because the item, e.g., a policy, practice, or other process, does not exist, it can meet the
2282 requirement by reporting this to be the case. In such cases, the disclosure does not require the
2283 organization to implement the item, such as the process, but to report if it does not exist.

2284 For example, [Disclosure MT-3](#) requires the organization to report its goals and targets for each
2285 material topic, among other items. If the organization does not have goals and targets for a material

2286 topic, then it is required to state this. This ensures transparency for information users and enables
2287 the organization to meet the requirement.

2288 If the organization is required to report information that it has previously reported, and the
2289 information has not changed during the reporting period (e.g., the organization is required to report
2290 information on a policy or process that has not changed since the previous reporting period), the
2291 organization can republish this information or provide a reference to the previously reported
2292 information.

2293 **Guidance** sections include background information, explanations, and examples to help
2294 organizations better understand the requirements.

2295 The guidance sections also include ‘should’ statements, which indicate recommendations, and ‘can’
2296 statements, which indicate a possibility or an option.

2297 The organization is not required to comply with guidance.

2298 **Defined terms** are underlined in the text of the GRI Standards and hyperlinked to their definitions
2299 in the [Glossary](#). The organization is required to apply the definitions in the Glossary.

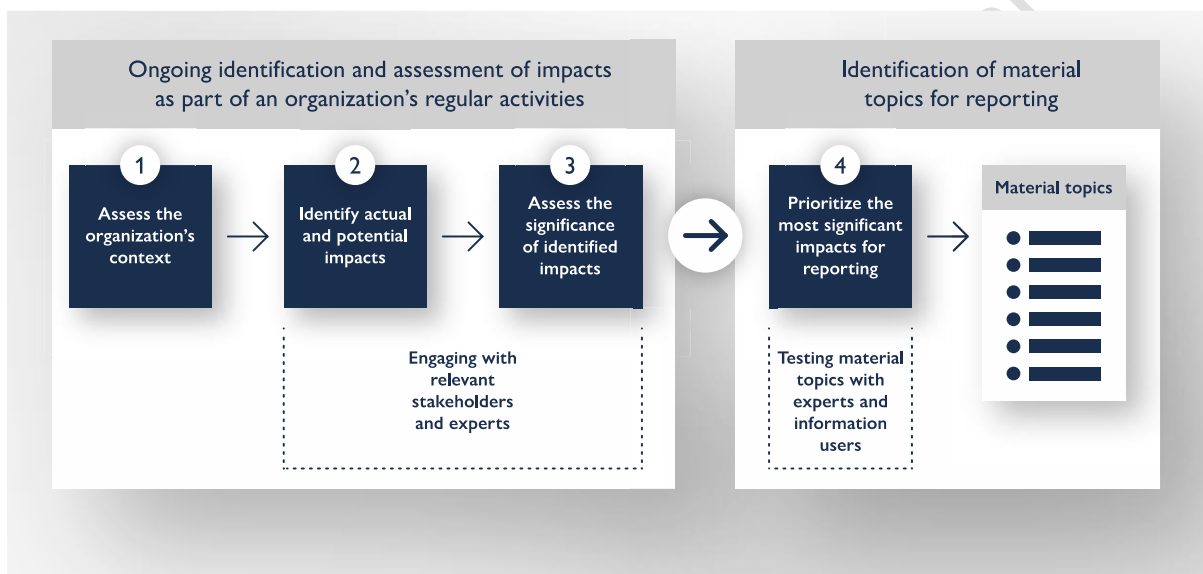
2300 2. Identifying material topics

2301 This section describes the steps that the organization should go through in order to identify its
2302 material topics; following these steps is not a requirement.

2303 The first three of these steps relate to the organization's ongoing identification and assessment of
2304 impacts as part of its regular activities in order to manage its impacts. These three steps in turn
2305 inform the last step, which is the identification of material topics for reporting.

2306 In subsequent reporting periods, the organization should review the previously identified material
2307 topics to account for changes in its activities and business relationships that lead to a change in its
2308 impacts. This helps to ensure the material topics are still representative of the organization's most
2309 significant impacts in each reporting period.

2310 **Figure 2. Steps for identifying material topics**



2311 The approach applied for each step will vary according to the specific circumstances of the
2312 organization, such as its business model; sector; geographic, cultural and legal operating context;
2313 ownership structure; and the nature of its impacts. Given these specific circumstances, the
2314 organization should use a systematic, replicable, and documented approach to identify its material
2315 topics. In particular, the organization should:

- 2316 • document the process for identifying its material topics, including the approach, assumptions,
2317 and decisions taken. Accurate records help the organization to fulfil relevant disclosures and
2318 to explain its chosen approach, and they facilitate analysis and assurance;
- 2319 • apply the steps to identify material topics consistently over time, and document any changes
2320 to the approach along with their implications;
- 2321 • be transparent about any subjective judgments it has made in the process to identify material
2322 topics.

2323 In addition, the highest governance body should oversee the process and approve the identified
2324 material topics.

2325 The next sections describe the four steps in more detail.

2326 Step I. Assess the organization's context

2327 This step involves the organization assessing its activities and business relationships and the context
2328 in which these take place. This provides the organization with critical information for identifying its
2329 actual and potential impacts.

2330 Relevant departments and functions within the organization can assist with assessing its activities and
2331 business relationship and their context, for example, communications, human resources, investor
2332 relations, legal and compliance department or functions, marketing and sales, procurement, and
2333 product development. The GRI Sector Standards also provide useful contextual information for the
2334 organization's sector(s).

2335 **Assessing activities**

2336 The organization should assess the following for its own activities:

- 2337 • The types of activities it carries out (e.g., sales, marketing, manufacturing, distribution) and
2338 the geographic locations of these activities.
- 2339 • The types of products and services it offers, and the markets served (i.e., the types of
2340 customers and beneficiaries targeted, and the geographic locations where products and
2341 services are offered).
- 2342 • The sector(s) in which the organization is active and the characteristics of the sector(s) (e.g.,
2343 whether it involves informal work, or is labor or resource intensive).
- 2344 • The number of employees, including their employment type (full-time or part-time),
2345 employment contract (permanent or temporary), and demographic characteristics (e.g.,
2346 gender, age, geographic location).
- 2347 • The number of workers who are not employees that perform work for the organization,
2348 including the types of worker (e.g., agency workers, contractors, self-employed persons,
2349 volunteers), their contractual relationship with the organization (whether the organization
2350 engages these workers directly or indirectly through a third party), and the nature of work
2351 they perform.

2352 **Assessing business relationships**

2353 The organization's business relationships include relationships with business partners, entities in its
2354 value chain (including entities beyond the first tier), and any other entities directly linked to its
2355 operations, products, or services. The organization should assess the following for its business
2356 relationships:

- 2357 • The types of business relationships it has (e.g., joint ventures, suppliers, franchisees).
- 2358 • The types of activities undertaken by these business relationships (e.g., manufacturing the
2359 organization's products, providing security services to the organization).
- 2360 • The nature of the business relationships (e.g., whether they are based on a long-term or
2361 short-term contract, or based on a specific project or event).
- 2362 • The geographic location of the business relationships.

2363 **Assessing context**

2364 The organization should assess the following in order to understand the context in which its
2365 activities and business relationships take place:

- 2366 • Economic conditions, societal issues, and environmental challenges at local, regional, and
2367 global levels related to the organization's sector(s) and the geographic locations of its

- 2368 activities and business relationships (e.g., poverty, political conflict, water security, climate
2369 change, lack of law enforcement).
- 2370 • The organization’s responsibility in relation to the international standards and agreements
2371 with which it is expected to comply; for example, the *International Bill of Human Rights*; the
2372 International Labour Organization (ILO), *Tripartite Declaration of Principles concerning*
2373 *Multinational Enterprises and Social Policy*; the Organisation for Economic Co-operation and
2374 Development (OECD), *OECD Guidelines for Multinational Enterprises*; or the United Nations
2375 (UN), *Guiding Principles on Business and Human Rights*.
 - 2376 • The organization’s responsibility in relation to the laws and regulations with which it is
2377 expected to comply.
 - 2378 • The organization’s vision and mission, strategy, business model, and policy commitments for
2379 responsible business conduct.

2380 Step 2. Identify actual and potential impacts

2381 This step involves the organization identifying its actual and potential, negative and positive impacts
2382 on the economy, environment, and people, including impacts on human rights, across its own
2383 activities and its business relationships.

2384 In order to identify its impacts accurately, the organization should seek to understand the concerns
2385 of stakeholders (see Box 1). The organization can also consult with internal experts as well as with
2386 external experts, such as civil society organizations or academics.

2387 Impacts may change over time as the organization’s activities and business relationships and their
2388 context evolve. For example, new activities or business relationships or major decisions or changes
2389 in operations or the operating context (e.g., new market entry, product launch, policy change, or
2390 wider changes to the organization) could lead to changes in the organization’s impacts. For this
2391 reason, the organization should identify its impacts on an ongoing basis.

2392 In situations where an organization has limited resources available for identifying its impacts, it
2393 should start by identifying its negative impacts, before moving onto identifying positive impacts.

2394 **Box 1. Engaging with relevant stakeholders and experts¹**

2395 The organization should seek to understand the concerns of its stakeholders by consulting them
2396 directly in a way that takes language and other potential barriers into account. Identifying and
2397 removing potential barriers to stakeholder engagement (e.g., language and cultural differences,
2398 gender and power imbalances, divisions within the community) is important to ensure that
2399 stakeholder engagement is effective. Engagement with at-risk or vulnerable groups might call for
2400 specific approaches and special attention, such as approaches that remove social barriers limiting the
2401 participation of women in public fora, or approaches that remove the physical barriers preventing
2402 remotely located communities from attending a meeting.

2403 The organization should respect the human rights of all stakeholders and other individuals it engages
2404 with (e.g., their rights to privacy, freedom of expression, and peaceful assembly and protest).

2405 In situations that involve many stakeholders or involve certain types of impact that result in
2406 collective harm, broad engagement with stakeholders might not be possible. For example, in the case

¹ This guidance is based on the United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011 and the Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

2407 of corruption, which collectively harms the populations of the jurisdiction in which it takes place, or
 2408 greenhouse gas (GHG) emissions, which contribute to collective, transboundary harm. In these
 2409 cases, the organization may engage with credible stakeholder representatives or proxy organizations
 2410 (e.g., non-governmental organizations, representative public bodies). This is also relevant in
 2411 situations where engaging with individuals could undermine certain rights or collective interests. For
 2412 example, when considering a decision to restructure or shut down a factory, it may be important for
 2413 the organization to engage with trade unions to mitigate the employment impacts of the decision.
 2414 This is because in this situation, engaging with individual workers could undermine the right of
 2415 workers to form or join trade unions and to bargain collectively.

2416 The degree of impact on stakeholders may inform the degree of engagement. The organization
 2417 should prioritize the most severely affected or potentially affected stakeholders for engagement.

2418 Where direct consultation is not possible, the organization should consider reasonable alternatives,
 2419 for example, consulting credible independent experts, such as national human rights institutions,
 2420 human rights and environmental defenders, trade unions, and other members of civil society.

2421 **Identifying negative impacts**

2422 The guidance in this section on identifying negative impacts is based on the *UN Guiding Principles on*
 2423 *Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, and the *OECD Due*
 2424 *Diligence Guidance for Responsible Business Conduct*.

2425 Identifying the actual and potential negative impacts with which the organization is or could be
 2426 involved is the first step of due diligence. The organization should consider actual and potential
 2427 impacts it causes or contributes to through its own activities, as well as those that are directly linked
 2428 to its operations, products, or services by its business relationships (see [Box 2](#)).

2429 To identify its actual and potential negative impacts, the organization can use information from
 2430 diverse sources. It can use its own or third-party environmental, socio-economic, and human rights
 2431 impact assessments, legal reviews, anti-corruption compliance management systems, financial audits,
 2432 occupational health and safety inspections, and any other relevant assessments of its business
 2433 relationships. It can use grievance mechanisms that it has established itself or that have been
 2434 established by other organizations. It can also use information from external sources, such as news
 2435 organizations and civil society organizations.

2436 In some cases, the organization might be unable to identify actual and potential negative impacts
 2437 across all its activities and business relationships, for example, because it has diverse or multiple
 2438 global operations or because its value chain comprises a large number of entities. In these cases, the
 2439 organization may carry out an initial assessment or scoping exercise to identify general areas across
 2440 its activities and business relationships where negative impacts are most likely to be present and
 2441 significant. The organization can then identify and assess specific actual and potential negative impacts
 2442 for these areas.

2443 As part of this initial assessment or scoping exercise, the organization can consider sector-specific,
 2444 product-specific, geographic-level, and enterprise-level impacts, as well as other impacts it has faced
 2445 or knows it is likely to face. The GRI Sector Standards identify impacts that are most likely to be
 2446 present and significant for organizations in a given sector. The organization can also use the *OECD*
 2447 *Due Diligence Guidance for Responsible Business Conduct* and the OECD sector-specific due diligence
 2448 guidance for information on sector-specific, product-specific, geographic-level, and enterprise-level
 2449 impacts, as well as reports from governments, environmental agencies, international organizations,
 2450 civil society organizations, workers' representatives and trade unions, national human rights
 2451 institutions, media, or other experts.

2452 **Box 2. Causing, contributing or being directly linked to negative impacts²**

2453 An organization ‘**causes**’ a negative impact if its activities on their own result in the impact. For
2454 example, if the organization pays a bribe to a foreign public official, or if it withdraws water from a
2455 water-stressed aquifer without replenishing the water level.

2456 An organization ‘**contributes to**’ a negative impact if its activities cause, facilitate, or incentivize
2457 another entity to cause the impact. An organization can also contribute to a negative impact if its
2458 activities in combination with the activities of other entities cause the impact. For example, if the
2459 organization sets a short lead time for a supplier to deliver a product, despite knowing from past
2460 experience that this production time is not feasible, this could contribute to excessive overtime for
2461 the supplier’s workers. In this case, the organization could contribute to negative impacts on the
2462 health and safety of these workers.

2463 An organization can cause or contribute to a negative impact through its actions as well as its failure
2464 to take action (e.g., failure to prevent or mitigate a negative impact that the organization could have
2465 foreseen).

2466 Even if an organization does not cause or contribute to a negative impact, its operations, products,
2467 or services could be connected to a negative impact of a business relationship. In this case, the
2468 organization’s operations, products, or services are ‘**directly linked to**’ a negative impact by its
2469 business relationship. For example, if the organization sources and uses cobalt in its products that is
2470 mined using child labor, the negative impact (i.e., child labor) is directly linked to the organization’s
2471 products through the tiers of business relationships in its supply chain (i.e., with the smelter,
2472 minerals trader, or mining enterprise that uses child labor), even though the organization has not
2473 caused or contributed to the negative impact itself.

2474 The way an organization is involved with negative impacts is important for determining how the
2475 organization should address an impact and whether it has a responsibility to provide for or
2476 cooperate in its remediation (see [Section 2.3 of GRI 101: Using the GRI Standards](#)).

2477 **Identifying positive impacts**

2478 To identify its actual and potential positive impacts, the organization should assess the manner in
2479 which it contributes or could contribute to sustainable development through its own activities, for
2480 example, through its products, services, investments, procurement practices, as an employer, or as a
2481 taxpayer.

2482 Examples of positive impacts could be an organization adopting measures that lower the cost of
2483 renewable energy for customers, or choosing an area with high unemployment to open a new facility
2484 so that it can hire and train unemployed members of the local community.

2485 The organization should consider any negative impacts that could result from activities that aim for a
2486 positive contribution to sustainable development. Negative impacts cannot be offset by other
2487 positive impacts. For example, a renewable energy installation might reduce a region’s dependence
2488 on fossil fuels and bring energy to underserved communities. But if it displaces local indigenous
2489 communities from their historical and cultural lands without their consent, this negative impact
2490 needs to be addressed and cannot be offset by the other positive impacts.

² These concepts come from the United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011 and the Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

2491 Step 3. Assess the significance of identified impacts

2492 The organization might identify many actual and potential impacts. This step involves the
2493 organization assessing the significance of its identified impacts to prioritize them for action and also
2494 to prioritize them for reporting in Step 4. How significant an impact is will be specific to the
2495 organization, and will be influenced by its sector(s), and business relationships, among other factors.
2496 In some instances, this can necessitate a subjective decision. Therefore, the organization should
2497 consult with relevant stakeholders (see [Box 1](#)) and business relationships on how to determine the
2498 significance of its identified impacts. The organization can also consult relevant internal or external
2499 experts as needed.

2500 **Assessing the significance of negative impacts**

2501 The guidance in this section on assessing the significance of negative impacts is based on the UN
2502 *Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, and
2503 the *OECD Due Diligence Guidance for Responsible Business Conduct*.

2504 The significance of an actual negative impact is assessed by considering its severity. The significance
2505 of a potential negative impact is assessed by considering its severity as well as its likelihood.

2506 Severity

2507 The severity of an actual or potential negative impact is determined by the following characteristics:

- 2508 • Scale: how grave the impact is.
- 2509 • Scope: how widespread the impact is, for example, the number of individuals affected or the
2510 extent of environmental damage.
- 2511 • Irremediable character: how hard it is to counteract or make good the resulting harm.

2512 The scale of a negative impact (i.e., how grave the impact is) can depend on whether the impact
2513 leads to non-compliance with the laws and regulations or with the international standards and
2514 agreements with which the organization is expected to comply. For example, if a negative impact
2515 leads to a violation of human rights or fundamental rights at work, or non-compliance with the
2516 reductions in GHG emissions to be achieved under the Paris Agreement, the scale of this impact can
2517 be considered greater.

2518 The scale of a negative impact can also depend on the context in which the impact takes place. For
2519 example, the scale of the impact of an organization's water withdrawal can depend on the area from
2520 where water is withdrawn. The scale will be greater if water is withdrawn from an area affected by
2521 water stress, compared to an area that has abundant water resources to meet the demands of
2522 ecosystems and other water users.

2523 Any of the three characteristics (scale, scope, and irremediable character) can make an impact
2524 severe. Although it is often the case that these characteristics are interdependent: the greater the
2525 scale or the scope of an impact, the less remediable it is.

2526 The severity – and thereby the significance – of an impact are not absolute concepts; the severity of
2527 an impact should be assessed relative to the other impacts the organization has identified. For
2528 example, the organization should compare the severity of the impacts of its greenhouse gas (GHG)
2529 emissions against the severity of its other identified impacts. The organization should not assess the
2530 significance of its GHG emissions relative to global GHG emission levels, as that comparison could
2531 lead to the conclusion that the organization's emissions are not significant.

2532 Likelihood

2533 The likelihood of a potential negative impact refers to the chance of the impact happening. The
2534 likelihood of an impact can be measured or determined qualitatively or quantitatively, and can be

2535 described using general terms (e.g., very likely, likely) or mathematically (using a probability, e.g., 10
2536 in 100 or 10%, or a frequency over a given time period, e.g., once every three years).³

2537 Negative human rights impacts

2538 In the case of potential negative human rights impacts, the severity of the impact takes precedence
2539 over its likelihood. For example, a nuclear power facility may prioritize the potential impact related
2540 to loss of life in cases of natural disasters, even though natural disasters are less likely to occur than
2541 other incidents at the facility.

2542 The severity of a negative human rights impact is not limited to physical harm. Any human right can
2543 be subject to severe impacts. For example, interfering with, damaging, or destroying a sacred space
2544 without consultation or agreement with the people who use the space can have a severe impact on
2545 people's cultural rights.

2546 **Assessing the significance of positive impacts**

2547 The significance of an actual positive impact is assessed by considering its scale and scope. The
2548 significance of a potential positive impact is assessed by considering its scale and scope on the one
2549 hand, and its likelihood on the other.

2550 Scale and scope

2551 In the case of positive impacts, the scale of an impact refers to how beneficial the impact is or would
2552 be, and the scope refers to how widespread the impact is or would be, for example, the number of
2553 individuals or the extent of environmental resources that are or would be positively affected.

2554 Likelihood

2555 The likelihood of a potential positive impact refers to the chance of the impact happening. The
2556 likelihood of an impact can be measured or determined qualitatively or quantitatively, and can be
2557 described using general terms (e.g., very likely, likely) or mathematically (using a probability, e.g., 10
2558 in 100 or 10%, or a frequency over a given time period, e.g., once every three years).⁴

2559 **Step 4. Prioritize the most significant impacts for reporting**

2560 This step involves the organization prioritizing its impacts based on their significance, to identify
2561 material topics for reporting.

2562 **Setting a threshold to determine which topics are material to report**

2563 The significance of an impact is assessed relative to the other impacts the organization has identified.
2564 The organization should arrange the identified impacts from most to least significant, and define a
2565 cut-off point or threshold to determine which of the impacts it will focus its reporting on. The
2566 organization should document the threshold and criteria used when identifying material topics. To
2567 facilitate prioritization, the organization should group the identified impacts into topics (see [Box 3](#)).

2568 The significance of an impact is the sole criterion for determining whether a topic is material to
2569 report on. The organization cannot use difficulty in reporting on a topic or the fact that it does not
2570 yet manage the topic as the basis for determining whether or not to report on that topic. In cases
2571 where the organization does not manage a material topic and related impacts, the organization is
2572 required to report the reasons for not doing so or any plans to manage the topic under [Disclosure](#)
2573 [MT-3](#).

³ International Organization for Standardization (ISO), *ISO 31000:2018 Risk management – Guidelines*, 2018.

⁴ International Organization for Standardization (ISO), *ISO 31000:2018 Risk management – Guidelines*, 2018.

2574 While some topics can cover both negative and positive impacts, the organization may prioritize
2575 negative impacts separately from positive impacts, as negative impacts need to be discussed
2576 independently and cannot be offset by positive impacts.

2577 Even if the organization has not prioritized an actual and potential negative impact for reporting, the
2578 organization still has a responsibility to understand how to address the impact in line with the
2579 applicable laws, regulations, or internationally recognized instruments (see [Section 2.3 of GRI 101:](#)
2580 [Using the GRI Standards](#) for more information).

2581 **Box 3. Grouping impacts into topics**

2582 The organization can group impacts into topics according to general categories of impacts that relate
2583 to a business activity, a stakeholder category, a type of business relationship, or an economic or
2584 environmental resource. For example, if an organization identifies water pollution as one potential
2585 negative impact of its activities, and the reduced access of local communities to safe drinking water
2586 as another potential negative impact, it can group these impacts under the topic of 'water and
2587 effluents'. The organization can refer to the topic names included in the GRI Topic Standards and the
2588 GRI Sector Standard(s) that apply to its sector(s).

2589 **Testing the material topics with information users and experts**

2590 The organization can test its selection of material topics with potential information users and
2591 experts who understand the organization or its sector(s) and have insight into one or more of the
2592 material topics identified. Examples of experts the organization can consult include non-
2593 governmental organizations, academics, consultants, lawyers, and investors.

2594 **Approval of material topics by highest governance body**

2595 The organization's highest governance body should approve the identified material topics.

2596 **Determining what to report for each material topic**

2597 Once the organization has identified its material topics, it needs to determine what to report for
2598 each material topic. See Requirements [A-4](#) and [A-5](#) in Section 3.1 of [GRI 101: Using the GRI Standards](#)
2599 for information on how to report on material topics.

2600 3. Reporting on material topics

2601 The disclosures in this section provide information about how the organization has identified its
2602 material topics, the material topics and related impacts identified, and how it manages each material
2603 topic. Material topics are topics that reflect the organization's most significant impacts on the
2604 economy, environment, and people, including impacts on human rights. [Section 2](#) of this Standard
2605 provides guidance on identifying material topics, which help understand these disclosures.

2606 Disclosure MT-I Identification of material topics and related impacts

2607 Requirements

2608 The organization shall:

2609 a. report how it has identified its material topics, including:

2610 i. how it has identified actual and potential, negative and positive impacts on
2611 the economy, environment, and people, including impacts on human rights,
2612 across its own activities and business relationships;

2613 ii. how it has prioritized impacts for reporting based on their significance;

2614 iii. the stakeholders and experts whose views have informed the identification of
2615 material topics;

2616 b. report changes in the material topics compared to the previous reporting period.

2617 Guidance

2618 Guidance to MT-I

2619 This disclosure covers how the organization has identified its material topics and related impacts.
2620 The material topics and related impacts that the organization has identified are reported under
2621 [Disclosure MT-2](#).

2622 Guidance to MT-I-a-i

2623 The organization should describe the methods it has used to identify its impacts, for example,
2624 environmental, socio-economic, and human rights impact assessments, grievance mechanisms, or
2625 information from external sources, such as civil society organizations.

2626 Guidance to MT-I-a-ii

2627 The organization should describe how it has assessed the significance of the impacts identified. The
2628 significance of a negative impact is assessed based on its severity (scale, scope, and irremediable
2629 character) and likelihood. In the case of potential negative human rights impacts, the severity of the
2630 impact takes precedence over its likelihood. The significance of a positive impact is assessed based
2631 on its scale, scope, and likelihood. See [Section 2](#) of this Standard for more guidance.

2632 The organization should also describe how it has defined the threshold to determine which topics
2633 are material to report, and whether it has tested its selection of material topics with potential
2634 information users and experts.

2635 **Guidance to MT-I-a-i and MT-I-a-ii**

2636 The organization should describe how it has considered sector-specific, product-specific, and
2637 geographic-level impacts when identifying its material topics. The organization should also explain
2638 whether and why it does not report on some of these impacts as part of its material topics; for
2639 example, because the specific impact was assessed to be absent or because the impact was not
2640 among the most significant to report on. Reporting this information indicates whether the
2641 organization recognizes sector-specific, product-specific, and geographic-level impacts, and provides
2642 information users with adequate contextual information to assess the organization's selection of
2643 material topics.

2644 For example, an oil and gas project often requires land for its operations, access routes,
2645 and distribution. This can lead to impacts such as involuntary resettlement of local communities,
2646 which can involve their physical displacement as well as economic displacement such as loss of
2647 access to resources. An organization undertaking an oil and gas project would need to consider, in
2648 the early stages of due diligence, whether the project could result in involuntary resettlement of
2649 communities. If the project does not result in involuntary resettlement of communities, the
2650 organization should still report why this topic, which is commonly associated with the oil and gas
2651 sector, was not identified as material to report, to make clear that the topic was not overlooked.

2652 See [Section 2](#) of this Standard and the GRI Sector Standards for guidance on sector-specific,
2653 product-specific, and geographic-level impacts.

2654 **Guidance to MT-I-b**

2655 The organization should explain why a topic that was identified as material in the previous reporting
2656 period is deemed to no longer be material or why a new topic has been identified as material.

2657 Disclosure MT-2 Material topics and related impacts

2658 Requirements

2659 The organization shall:

2660 a. report the material topics it has identified;

2661 b. for each material topic:

2662 i. describe the actual and potential, negative and/or positive impacts identified
2663 on the economy, environment, and people, including impacts on human
2664 rights;

2665 ii. report whether the organization is involved with the negative impacts
2666 through its own activities or as a result of its business relationships.

2667 Guidance

2668 Guidance to MT-2

2669 This disclosure covers the material topics and related impacts identified by the organization. How
2670 the organization has identified its material topics is reported under [Disclosure MT-1](#).

2671 An organization reporting in accordance with the GRI Standards is required to include the material
2672 topics reported under this disclosure in the GRI content index (see [Requirement A-6 in Section 3.1](#)
2673 [of GRI 101: Using the GRI Standards](#)).

2674 Guidance to MT-2-a

2675 The organization can group material topics by relevant categories if this helps communicate its
2676 impacts better. Examples of categories include negative human rights impacts, impacts in the supply
2677 chain, or impacts on the environment.

2678 Guidance to MT-2-b

2679 MT-2-b provides contextual information to understand how the organization manages each material
2680 topic and related impacts (reported under [Disclosure MT-3](#)). MT-2-b does not require a detailed
2681 description of impacts or a detailed explanation of how the organization is involved with each
2682 negative impact; the organization can provide a high-level description of the impacts it has identified.

2683 Guidance to MT-2-b-i

2684 MT-2-b-i covers impacts related to each material topic. It enables the organization to indicate if a
2685 topic is material because of negative impacts, positive impacts, or both.

2686 Describing negative impacts

2687 The organization can describe:

- 2688 • whether the impacts are systemic (e.g., child labor or forced labor in countries where the
2689 organization operates or sources inputs from) or are related to individual incidents (e.g., an
2690 oil spill);
- 2691 • the stakeholders (without identifying specific individuals) or environmental resources that
2692 are affected or could potentially be affected, and their geographic location.

2693 Reporting on negative impacts can help the organization demonstrate that it recognizes these
2694 impacts and that it has taken action or intends to take action to address them. The organization

2695 might have concerns about reporting on negative impacts even if these impacts are already publicly
2696 known. In fact, where negative impacts are publicly known, failure to acknowledge these impacts and
2697 explain how they are being addressed could have consequences for the organization (e.g.,
2698 reputationally, financially, operationally). If the organization is unable to disclose specific information
2699 (e.g., because that could affect the right to privacy of stakeholders), it can provide the information in
2700 aggregated or anonymized form, or it can describe sector-specific, product-specific, or geographic-
2701 level impacts.

2702 Describing positive impacts

2703 The organization can describe:

- 2704 • the activities that result in the positive impacts (e.g., products, services, investments,
2705 procurement practices);
- 2706 • the stakeholders or environmental resources that are benefitted or could potentially be
2707 benefitted, and their geographic location.

2708 **Guidance to MT-2-b-ii**

2709 The way an organization is involved with negative impacts is important for determining the
2710 organization's responsibility toward addressing the impacts (see [Section 2.3 of GRI 101: Using the GRI](#)
2711 [Standards](#)). MT-2-b-ii therefore provides contextual information for understanding the actions taken
2712 to manage negative impacts (reported under [Disclosure MT-3](#)).

2713 MT-2-b-ii requires the organization to report whether it is involved with the negative impacts
2714 through its own activities or as a result of its business relationships. Where possible, the
2715 organization should also report whether it is or could be causing or contributing to the negative
2716 impacts through its own activities, or whether the impacts are or could be directly linked to its
2717 operations, products, or services by its business relationships even if it has not contributed to them.
2718 See [Box 2](#) in Section 2 of this Standard for more information.

2719 The organization can also report the types of activities (e.g., manufacturing, retail) or types of
2720 business relationships (e.g., suppliers of raw materials, franchisees) involved with the identified
2721 negative impacts, their position in the value chain, and their geographic location.

2722 Disclosure MT-3 Management of material topics and related impacts

2723 Requirements

2724 For each material topic reported under **Disclosure MT-2**, the organization shall:

- 2725 a. describe its policies or commitments for the topic;
- 2726 b. describe actions taken to manage the topic and related impacts, in particular:
 - 2727 i. actions taken to prevent or mitigate potential negative impacts;
 - 2728 ii. actions taken to address actual negative impacts, including actions to provide
2729 for or cooperate in their remediation;
 - 2730 c. report the following information about the effectiveness of the actions taken:
 - 2731 i. processes used to track the effectiveness of the actions taken;
 - 2732 ii. goals, targets, and indicators used to evaluate progress;
 - 2733 iii. evidence of the extent to which the actions taken have been effective,
2734 including progress toward the goals and targets;
 - 2735 iv. lessons learned and how these have been incorporated into the
2736 organization's operational policies and procedures;
 - 2737 d. describe how engagement with stakeholders has informed the actions taken (MT-3-
2738 b) and whether the actions taken have been effective (MT-3-c);
 - 2739 e. if the organization does not manage a material topic, explain the reason for not
2740 managing the topic or describe any plans to manage it.

2741 Guidance

2742 Guidance to MT-3

2743 This disclosure enables the organization to explain how it manages each of its identified material
2744 topics and related impacts.

2745 The requirements in this disclosure apply to every material topic. An organization preparing a report
2746 in accordance with the GRI Standards is required to report this disclosure for each of its identified
2747 material topics.

2748 Besides this disclosure, the Topic Standards and Sector Standards can also contain disclosures and
2749 guidance for reporting how the organization manages a topic. For example, some Topic Standards
2750 contain disclosures about specific actions or methods to manage impacts for a topic. The
2751 organization does not need to repeat this information under Disclosure MT-3 if it is already
2752 reported under another disclosure. The organization can report this information once and provide a
2753 reference to this information to fulfill the corresponding MT-3 requirements.

2754 If the organization's approach to managing a material topic, such as its policies or actions taken,
2755 applies to other material topics, the organization does not need to repeat this information for each
2756 topic. The organization can report this information once, with a clear explanation of all the topics it
2757 covers.

2758 **Guidance to MT-3-a**

2759 Disclosures [RBC-2](#) and [RBC-3](#) in *GRI 102: About the Organization* provide guidance on how to report
2760 on policies. If the organization's policies for a material topic have been described under Disclosures
2761 [RBC-2](#) and [RBC-3](#), the organization can provide a reference to this information under MT-3-a and
2762 does not need to repeat the information.

2763 When reporting on commitments, the organization should provide a statement of intent to manage
2764 the topic and related impacts, or explain the following:

- 2765 • The organization's stance on the topic.
- 2766 • Whether the commitment to manage the topic is based on regulatory compliance or
2767 extends beyond it.
- 2768 • Compliance with international standards related to the topic.

2769 **Guidance to MT-3-b**

2770 MT-3-b provides information to understand how the organization responds to its identified impacts.
2771 MT-3-b does not require a detailed description of actions taken in relation to each impact; the
2772 organization can provide examples to show how it manages its impacts.

2773 The organization should include information on how it integrates the findings from its identification
2774 and assessment of impacts across relevant internal functions and processes, including:

- 2775 • the level and function within the organization that has been assigned responsibility for
2776 managing the impacts;
- 2777 • the internal decision-making, budget allocation, and oversight processes to enable effective
2778 actions to manage the impacts.

2779 **Guidance to MT-3-b-i**

2780 The organization should report:

- 2781 • examples of actions taken to prevent or mitigate potential negative impacts (e.g.,
2782 adaptation/modification measures, facility upgrading, training, red-flag systems);
- 2783 • approaches taken to prevent or mitigate systemic negative impacts;
- 2784 • how the organization applies the precautionary principle, including:
 - 2785 – how the organization proactively informs the public about potential negative impacts of
2786 its activities, products, and services, and how it deals with related questions and
2787 complaints;
 - 2788 – the organization's support or contribution to scientific research related to evaluating
2789 potential negative impacts of its activities, products, and services;
 - 2790 – the organization's participation in collaborative efforts to share knowledge and to
2791 prevent negative impacts of its activities, products, and services;
- 2792 • how the organization uses or increases its leverage to prompt its business relationships to
2793 prevent or mitigate potential negative impacts. For example, the organization can use or
2794 increase its leverage by enforcing contractual requirements, implementing incentives (such as
2795 future orders), providing training and support, or actively collaborating with other actors to
2796 motivate its business relationships to prevent or mitigate potential negative impacts;
- 2797 • whether the organization has terminated a business relationship because it lacks the leverage
2798 to prevent or mitigate potential negative impacts, and whether it has assessed if terminating
2799 the relationship could itself result in negative impacts.

2800 See [Guidance to RBC-2-a-iii in GRI 102: About the Organization](#) for more information on
2801 'precautionary principle'.

2802 **Guidance to MT-3-b-ii**

2803 The organization should report:

- 2804 • examples of specific actions taken to remediate actual negative impacts, including examples
2805 of specific remedies or types of remedy provided;
- 2806 • how the grievance mechanisms or other remediation processes (reported under Disclosure
2807 RBC-5 in *GRI 102: About the Organization*) have made it possible for actual negative impacts
2808 to be remediated.

2809 See [Disclosure RBC-5](#) for more information on grievance mechanisms and other remediation
2810 processes.

2811 **Guidance to MT-3-c-i**

2812 Tracking the effectiveness of actions taken is necessary for an organization to know if its policies and
2813 processes are being implemented optimally, to learn whether it has responded effectively to the
2814 impacts identified, and to drive continuous improvement.

2815 The processes used to track the effectiveness of actions taken can include internal or external
2816 auditing or verification, impact assessments, measurement systems, stakeholder feedback, grievance
2817 mechanisms, external performance ratings, and benchmarking.

2818 **Guidance to MT-3-c-ii**

2819 When reporting on goals and targets, the organization should report:

- 2820 • how the goals and targets are set;
- 2821 • whether and how the goals and targets take into account the context in which the impacts
2822 take place and are informed by expectations in internationally recognized instruments and,
2823 where relevant, by scientific consensus;
- 2824 • whether goals and targets are mandatory (based on legislation) or voluntary. If they are
2825 mandatory, the organization can list the relevant legislation;
- 2826 • the organization's activities or business relationships to which the goals and targets apply;
- 2827 • the baseline for the goals and targets;
- 2828 • the timeline for achieving the goals and targets.

2829 Targets can be qualitative, e.g., the implementation of a management system by a certain date, or
2830 quantitative, e.g., reducing GHG emissions by a certain percentage by a certain date.

2831 The indicators used to evaluate progress can also be qualitative or quantitative. Quantitative
2832 indicators can bring precision and enable comparisons. Qualitative information is often needed to
2833 put quantitative information into context, enable its interpretation, and determine which
2834 comparisons and conclusions are likely to be most valid. The Topic Standards include qualitative and
2835 quantitative indicators.

2836 **Guidance to MT-3-c-iii**

2837 The organization should report examples supported by evidence of the extent to which specific
2838 actions taken have been effective. The evidence provided should show that there is a credible link
2839 between the specific action taken by the organization and the effective management of the impacts.
2840 For example, to show the effectiveness of capacity building provided to certain suppliers on
2841 improving working conditions, the organization can report survey feedback from the suppliers'

2842 workers showing that working conditions have improved, together with data showing a decrease in
2843 the number of incidents identified through independent audits.

2844 Similarly, to show the effectiveness of its actions to improve the quality of water discharged, the
2845 organization can report data showing a decrease in the concentration of total dissolved solids (mg/L)
2846 in its water discharge.

2847 When reporting progress toward the goals and targets, the organization should report whether
2848 progress is satisfactory or not. If a goal or target has not been achieved, the organization should
2849 explain why.

2850 **Guidance to MT-3-c-iv**

2851 Managing impacts is typically an ongoing challenge requiring continuous improvement based on
2852 learning.

2853 MT-3-c-iv does not require a detailed description of lessons learned in relation to each material
2854 topic; the organization can provide examples to show how it incorporates lessons learned.

2855 For instance, the organization can provide examples of lessons learned that have led to changes in
2856 practices, or that have led to plans for such changes, to manage impacts more successfully in the
2857 future. Such examples can include a change to a policy, specific training for workers, or additional
2858 attention given to the performance of suppliers.

2859 Lessons learned might be derived from the organization's own activities, its business relationships, or
2860 stakeholder or expert feedback.

2861 **Guidance to MT-3-d**

2862 The organization can explain, for example, whether and how affected stakeholders have been
2863 involved in determining an appropriate remedy for a negative impact, or how stakeholder feedback is
2864 used to assess the effectiveness of the actions taken.

2865 *References*

2866 The following documents informed the development of this Standard and can be helpful for
2867 understanding and applying it.

2868 **Authoritative intergovernmental instruments:**

- 2869 1. Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence*
2870 *Guidance for Responsible Business Conduct*, 2018.
- 2871 2. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for*
2872 *Multinational Enterprises*, 2011.
- 2873 3. United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United*
2874 *Nations “Protect, Respect and Remedy” Framework*, 2011.
- 2875 4. United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human Rights*,
2876 2008.
- 2877 5. United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue of*
2878 *Human Rights and Transnational Corporations and Other Business Enterprises*, John Ruggie, 2011.
- 2879 6. United Nations (UN), *Rio Declaration on Environment and Development*, 1992.
- 2880 7. United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*,
2881 2012.

2882 **Other relevant references:**

- 2883 8. Castan Centre for Human Rights Law, Office of the United Nations High Commissioner for
2884 Human Rights, and United Nations Global Compact, *Human Rights Translated 2.0: A Business*
2885 *Reference Guide*, 2017.
- 2886 9. Corporate Human Rights Benchmark Ltd., *Corporate Human Rights Benchmark methodology*,
2887 updated annually.
- 2888 10. Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015.
- 2889 11. Shift, Oxfam, and Global Compact Network Netherlands, *Doing Business with Respect for Human*
2890 *Rights: A Guidance Tool for Companies*, 2016.

2891 Glossary

2892 This glossary includes definitions for terms used in the Universal Standards: *GRI 101: Using the GRI*
2893 *Standards*, *GRI 102: About the Organization*, and *GRI 103: Material Topics*. The organization is required
2894 to apply these definitions when using the Standards.

2895 The definitions included in this glossary may contain terms that are further defined in the complete
2896 *GRI Standards Glossary*. All defined terms are underlined. If a term is not defined in this glossary or in
2897 the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

2898 **annual total compensation [minor edits]**

2899 compensation provided over the course of a year, including salary, bonus, stock awards, option
2900 awards, non-equity incentive plan compensation, change in pension value, and nonqualified deferred
2901 compensation earnings

2902 **business partner [new]**

2903 entity with which the organization has some form of direct and formal engagement for the purpose
2904 of meeting its business objectives

2905 **Note 1:** Examples of business partners can include affiliates, business-to-business customers, clients,
2906 first-tier suppliers (such as a supplier that manufactures the organization's products), franchisees,
2907 joint venture partners, and investee companies in which the organization has a shareholding position.
2908 Business partners do not include subsidiaries and affiliates that the organization controls.

2909 **Note 2:** This definition comes from Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*,
2910 2015.

2911 **business relationships [new]**

2912 relationships that the organization has with business partners, entities in its value chain including
2913 those beyond the first tier, and any other entities directly linked to its operations, products, or
2914 services

2915 **Note 1:** Other entities directly linked to the organization's operations, products, or services can
2916 include, for example, a non-governmental organization together with which the organization delivers
2917 support to a local community or State security forces that protect the organization's facilities.

2918 **Note 2:** This definition is based on the United Nations (UN), *Guiding Principles on Business and*
2919 *Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011.

2920 **causing a negative impact [new]**

2921 The organization 'causes' a negative impact if its activities on their own result in the impact.

2922 **Note:** This definition is based on the Organisation for Economic Co-operation and Development
2923 (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018. See [Box 2 in GRI 103:](#)
2924 [Material Topics](#) for more information.

2925 **child [unchanged]**

2926 person under the age of 15 years, or under the age of completion of compulsory schooling,
2927 whichever is higher

2928 **Note 1:** Exceptions can occur in certain countries where economies and educational facilities are
2929 insufficiently developed and a minimum age of 14 years applies. These countries of exception are

2930 specified by the International Labour Organization (ILO) in response to a special application by the
2931 country concerned and in consultation with representative organizations of employers and workers.

2932 **Note 2:** The ILO *Minimum Age Convention*, 1973 (No. 138), refers to both child labor and young
2933 workers.

2934 **clawback [revised]**

2935 repayment of previously received compensation required to be made by a senior executive or
2936 member of the highest governance body to their employer in the event certain conditions of
2937 employment or goals are not met

2938 **collective bargaining [revised]**

2939 negotiations between one or more employers or employers' organizations and one or more
2940 workers' organizations (trade unions), to determine working conditions and terms of employment
2941 or to regulate relations between employers and workers

2942 **Note:** This definition is based on the International Labour Organization (ILO), *Collective Bargaining*
2943 *Convention*, 1981 (No. 154).

2944 **conflict of interest [revised]**

2945 situation where an individual is confronted with choosing between the requirements of their
2946 function in the organization and their other personal or professional interests or responsibilities

2947 **contributing to a negative impact [new]**

2948 The organization 'contributes to' a negative impact if its activities, in combination with the activities
2949 of other entities, cause the impact, or if the activities of the organization cause, facilitate, or
2950 incentivize another entity to cause the impact.

2951 **Note:** This definition comes from the Organisation for Economic Co-operation and Development
2952 (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018. See [Box 2 in GRI 103:](#)
2953 [Material Topics](#) for more information.

2954 **directly linked to a negative impact [new]**

2955 The organization's operations, products, or services are 'directly linked to' a negative impact by its
2956 business relationships when a business relationship causes an impact in connection with the
2957 organization's operations, products, or services, even if the organization has not contributed to the
2958 impact.

2959 **Note 1:** 'Direct linkage' is not defined by the link between the organization and the other entity,
2960 and is therefore not limited to direct contractual relationships, for example 'direct sourcing'.

2961 **Note 2:** This definition is based on the Organisation for Economic Co-operation and Development
2962 (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018. See [Box 2 in GRI 103:](#)
2963 [Material Topics](#) for more information.

2964 **due diligence [minor edits]**

2965 process to identify, prevent, mitigate, and account for how the organization addresses its actual and
2966 potential negative impacts

2967 **Note:** This definition is based on the United Nations (UN), *Guiding Principles on Business and Human*
2968 *Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011 and the

2969 Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for*
2970 *Multinational Enterprises*, 2011. See 'due diligence' in Section 2 of *GRI 101: Using the GRI Standards*.

2971 **employee [unchanged]**

2972 individual who is in an employment relationship with the organization, according to national law or
2973 its application

2974 **employment contract [minor edits]**

2975 contract as recognized under national law or practice that can be written, verbal, or implicit (i.e.,
2976 when all the characteristics of employment are present but without a written or witnessed verbal
2977 contract)

2978 *Permanent or indefinite contract:* Contract with an employee, for full-time or part-time work, for an
2979 indeterminate period.

2980 *Temporary or fixed term contract:* Contract with an employee for a limited duration, which ends when
2981 the specific time period expires, or when the specific task or event that has an attached time
2982 estimate is completed (e.g., the end of a project or return of replaced employees).

2983 **employment type [minor edits]**

2984 *Full-time:* A 'full-time employee' is an employee whose working hours per week, month, or year are
2985 defined according to national law or practice regarding working time.

2986 *Part-time:* A 'part-time employee' is an employee whose working hours per week, month, or year are
2987 less than 'full-time'.

2988 **governance body [revised]**

2989 formalized group of individuals responsible for the strategic guidance of the organization, the
2990 effective monitoring of management, and the accountability of management to the broader
2991 organization and its stakeholders

2992 **grievance [new]**

2993 perceived injustice that evokes an individual's or group's sense of entitlement, which may be based
2994 on law, contract, explicit or implicit promises, customary practice, or general notions of fairness
2995 among the aggrieved communities

2996 **Note:** This definition comes from the United Nations (UN), *Guiding Principles on Business and Human*
2997 *Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011.

2998 **grievance mechanism [revised]**

2999 routinized process through which grievances can be raised and remedy can be sought

3000 **Note 1:** Grievance mechanisms include routinized, State-based or non-State-based, judicial or non-
3001 judicial processes. They also include operational-level grievance mechanisms, which are administered
3002 by the organization either alone or in collaboration with other parties, and which are directly
3003 accessible by the organization's stakeholders.

3004 **Note 2:** According to UN Guiding Principle 31, effective grievance mechanisms are legitimate,
3005 accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning.
3006 In addition to these criteria, effective operational-level grievance mechanisms are also based on
3007 engagement and dialogue.

3008 **Note 3:** This definition is based on the United Nations (UN), *Guiding Principles on Business and*
3009 *Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011.

3010 **highest governance body [revised]**

3011 governance body with the highest authority in the organization

3012 **Note:** In some jurisdictions, governance systems consist of two tiers, where supervision and
3013 management are separated or where local law provides for a supervisory board drawn from non-
3014 executives to oversee an executive management board. In these cases, both tiers are included under
3015 the definition of highest governance body.

3016 **impact [revised]**

3017 In the GRI Standards, unless otherwise stated, ‘impact’ refers to the effect the organization has on
3018 the economy, environment, and/or people, including on human rights, which in turn can indicate the
3019 organization’s contribution (negative or positive) to sustainable development.

3020 **Note:** In the GRI Standards, the term ‘impact’ can refer to:

- 3021 • actual impacts (those that have already occurred) or potential impacts (those that could
3022 occur but have not yet occurred);
- 3023 • negative impacts or positive impacts;
- 3024 • short-term impacts or long-term impacts;
- 3025 • intended impacts or unintended impacts;
- 3026 • reversible impacts or irreversible impacts.

3027 See ‘[impact](#)’ in [Section 2 of GRI 101: Using the GRI Standards](#).

3028 **indigenous peoples [unchanged]**

3029 indigenous peoples are generally identified as:

- 3030 • tribal peoples in independent countries whose social, cultural and economic conditions
3031 distinguish them from other sections of the national community, and whose status is
3032 regulated wholly or partially by their own customs or traditions or by special laws or
3033 regulations;
- 3034 • peoples in independent countries who are regarded as indigenous on account of their
3035 descent from the populations which inhabited the country, or a geographical region to which
3036 the country belongs, at the time of conquest or colonization or the establishment of present
3037 state boundaries and who, irrespective of their legal status, retain some or all of their own
3038 social, economic, cultural, and political institutions.

3039 **Note:** This definition comes from the International Labour Organization (ILO), *Indigenous and Tribal*
3040 *Peoples Convention*, 1989 (No. 169).

3041 **internationally recognized human rights [new]**

3042 These rights are understood, at a minimum, to include the rights set out in the *International Bill of*
3043 *Human Rights* (consisting of the *Universal Declaration of Human Rights* and the main instruments
3044 through which it has been codified: the *International Covenant on Civil and Political Rights* and the
3045 *International Covenant on Economic, Social and Cultural Rights*), coupled with the principles concerning
3046 fundamental rights in the eight International Labour Organization (ILO) core conventions as set out
3047 in the *Declaration on Fundamental Principles and Rights at Work*.

3048 **Note 1:** Human rights are rights inherent to all human beings, regardless of nationality, place of
3049 residence, sex, national or ethnic origin, color, religion, language, or any other status. These rights
3050 are all interrelated, interdependent, and indivisible.

3051 **Note 2:** UN instruments elaborate further on the rights of indigenous peoples; women; national or
3052 ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and
3053 their families. There are also standards of international humanitarian law that apply in situations of
3054 armed conflict, such as the *Geneva Conventions of 1949*. See the Office of the United Nations High
3055 Commissioner for Human Rights' non-exhaustive list of universal human rights instruments,
3056 <https://www.ohchr.org/EN/ProfessionalInterest/Pages/UniversalHumanRightsInstruments.aspx>,
3057 accessed on 6 May 2020.

3058 **Note 3:** At the regional level, binding treaties as well as non-binding instruments provide region-
3059 specific frameworks for human rights. See the Office of the United Nations High Commissioner for
3060 Human Rights' list of regional human rights treaties,
3061 <https://www.ohchr.org/en/issues/escr/pages/regionalhrtreaties.aspx>, accessed on 6 May 2020.

3062 **Note 4:** This definition is based on the United Nations (UN), *Guiding Principles on Business and*
3063 *Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011 and the
3064 United Nations Human Rights Office of the High Commissioner webpage, *What are human rights?*,
3065 <https://www.ohchr.org/en/issues/pages/whatarehumanrights.aspx>, accessed on 6 May 2020.

3066 **local community [revised]**

3067 individuals or groups of individuals living and/or working in areas that are, or could be, affected by
3068 the organization's activities and decisions

3069 **Note:** The local community can range from individuals living adjacent to the organization's
3070 operations, to those living at a distance who are still likely to be affected by these operations.

3071 **material topic [revised]**

3072 topic that reflects the organization's most significant impacts on the economy, environment, and
3073 people, including impacts on human rights

3074 **Note:** See [Section 2 of GRI 101: Using the GRI Standards](#) and [Section 2 of GRI 103: Material Topics](#) for
3075 more information.

3076 **mitigation [new]**

3077 action(s) taken to reduce the extent of a negative impact

3078 **Note 1:** The mitigation of an actual negative impact refers to actions taken to reduce the extent of
3079 the negative impact that has occurred, with any residual impact needing remediation. The mitigation
3080 of a potential negative impact refers to actions taken to reduce the likelihood of the negative impact
3081 occurring.

3082 **Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect*
3083 *Human Rights: An Interpretive Guide*, 2012.

3084 **product [unchanged]**

3085 article or substance that is offered for sale or is part of a service delivered by the organization

3086 **remediation [new]**

3087 provision of remedy

3088 **Note:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect*
3089 *Human Rights: An Interpretive Guide*, 2012.

3090 **remedy [new]**

3091 means to counteract or make good a negative impact

3092 **Note 1:** Remedy can take a range of forms, such as apologies, restitution, restoration, rehabilitation,
3093 financial or non-financial compensation, and punitive sanctions (whether criminal or administrative,
3094 such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of
3095 non-repetition.

3096 **Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect*
3097 *Human Rights: An Interpretive Guide*, 2012.

3098 **reporting period [revised]**

3099 specific time period covered by the reported information

3100 **Note 1:** The reporting period can be, for example, the fiscal year or the calendar year.

3101 **Note 2:** Unless otherwise stated, the GRI Standards require information for the reporting period.

3102 **sector [revised]**

3103 subdivision of an economy, society, or sphere of activity, defined on the basis of some common
3104 characteristic such as similar or related products or services

3105 **Note:** Sector types can include classifications such as the public or private sector, as well as
3106 industry-specific categories such as the education, technology, or financial sectors.

3107 **senior executive [revised]**

3108 high-ranking member of the management of the organization, such as the Chief Executive Officer
3109 (CEO) or an individual reporting directly to the CEO or the highest governance body

3110 **service [unchanged]**

3111 action of the organization to meet a demand or need

3112 **severity [new]**

3113 The severity of an actual or potential negative impact is determined by its scale (i.e., how grave the
3114 impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to
3115 counteract or make good the resulting harm).

3116 **Note 1:** Severity is not an absolute concept; the severity of an impact is assessed relative to the
3117 other impacts the organization has identified. See [Section 2 of GRI 103: Material Topics](#) for more
3118 information.

3119 **Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect*
3120 *Human Rights: An Interpretive Guide*, 2012 and the Organisation for Economic Co-operation and
3121 Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

3122 stakeholder [revised]

3123 individual or group that has an interest that is, or could be, affected by the organization's activities
3124 and decisions

3125 **Note 1:** Common categories of stakeholders for organizations include business partners, civil
3126 society organizations, consumers, customers, employees and other workers, governments, local
3127 communities, non-governmental organizations, shareholders, suppliers, trade unions, and vulnerable
3128 groups. See 'stakeholder' in Section 2 of *GRI 101: Using the GRI Standards*.

3129 **Note 2:** This definition is based on the Organisation for Economic Co-operation and Development
3130 (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

3131 supplier [revised]

3132 entity in the organization's supply chain, which provides a product or service that contributes to the
3133 organization's own products or services

3134 **Note 1:** Examples of suppliers include brokers, consultants, contractors, distributors, franchisees,
3135 home workers, independent contractors, licensees, manufacturers, primary producers, sub-
3136 contractors, and wholesalers.

3137 **Note 2:** A supplier can have a direct business relationship with the organization (often referred to
3138 as first-tier supplier) or an indirect business relationship.

3139 supply chain [revised]

3140 range of activities carried out by entities upstream in the organization's value chain, which provide
3141 products or services that contribute to the organization's own products or services

3142 sustainable development/sustainability [revised notes]

3143 development that meets the needs of the present without compromising the ability of future
3144 generations to meet their own needs

3145 **Note 1:** Sustainable development encompasses broader economic, environmental, and societal
3146 interests, rather than the individual interests of organizations.

3147 **Note 2:** In the GRI Standards, the terms 'sustainability' and 'sustainable development' are used
3148 interchangeably.

3149 **Note 3:** This definition comes from the World Commission on Environment and Development, *Our*
3150 *Common Future*, 1987.

3151 termination payment [minor edits]

3152 all payments and benefits given to a departing senior executive or member of the highest governance
3153 body whose appointment is terminated

3154 **Note:** Termination payments extend beyond monetary payments to giving of property as well as
3155 automatic or accelerated vesting of incentives given in connection with a person's departure from a
3156 position.

3157 under-represented social group [unchanged]

3158 population that, relative to its numbers in a given society, has less opportunity to express its
3159 economic, social, or political needs and views

3160 **Note:** The specific groups included under this definition depend on the organization's operating
3161 context and are not uniform for every organization.

3162 **value chain [revised]**

3163 range of activities carried out by the organization and other entities, which convert input into output
3164 by adding value throughout the life cycle of a product or service from conception to end use

3165 **Note:** The value chain includes the organization’s own activities, as well as activities carried out by
3166 entities upstream and downstream from the organization in relation to the organization’s products
3167 and services. The upstream entities (e.g., suppliers) provide products or services that contribute to
3168 the organization’s own products or services. The downstream entities (e.g., distributors, customers)
3169 receive products or services from the organization.

3170 **vulnerable group [revised]**

3171 group of individuals with some specific economic, physical, political, or social condition or
3172 characteristic that could experience negative impacts as a result of the organization’s activities and
3173 decisions more severely than others

3174 **Note 1:** Vulnerable groups can include children and youth, elderly persons, ethnic minorities, ex-
3175 combatants, HIV/AIDS-affected households, indigenous peoples, internally displaced persons, people
3176 with disabilities, and refugees or returning refugees.

3177 **Note 2:** Vulnerabilities and impacts can differ by gender.

3178 **worker [minor edits]**

3179 person that performs work

3180 **Note 1:** Workers include, but are not limited to, employees. Further examples of workers include
3181 interns, apprentices, self-employed persons, and persons working for organizations other than the
3182 reporting organization, e.g., for suppliers.

3183 **Note 2:** In the context of the GRI Standards, in some cases it is specified whether a particular
3184 subset of workers is to be used.