

Item 02 – Exposure draft of Universal Standards: GRI 101, GRI 102, and GRI 103

For GSSB approval

Date	6 May 2020
Meeting	20 May 2020
Project	Review of GRI’s Universal Standards
Description	<p>This document sets out the exposure draft of the revised GRI Universal Standards, for the approval of the GSSB.</p> <p>The exposure draft is structured as follows:</p> <ul style="list-style-type: none"> • GRI 101: Using the GRI Standards (lines 1 – 816) • GRI 102: About the Organization (lines 817 – 2176) • GRI 103: Material Topics (lines 2177 – 2855) • Glossary (lines 2856 – 3149) <p>The exposure draft is accompanied by the following two annexes:</p> <ul style="list-style-type: none"> • Annex 1 – Explanatory memorandum: The 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. • Annex 2 – GRI Sector Program information sheet: The information sheet helps reviewers understand references to the GRI Sector Standards included in exposure draft.
Feedback requested from GSSB	<p>The GSSB is requested to send any questions, concerns, or feedback on this exposure draft by email to the GSSB Secretariat by COB Friday 15 May 2020. This will allow the Standards Division to analyze and respond to comments ahead of the GSSB meeting on 20 May 2020.</p>

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board’s discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard setting body of GRI. For more information visit www.globalreporting.org.

I GRI 101: Using the GRI Standards

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Notes: Defined terms are underlined in the text of the GRI Standards and hyperlinked to their definitions in the Glossary.

23 1. Introduction

24 1.1 Sustainability reporting and the GRI Standards

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

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

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

38 1.2 How to use the GRI Standards

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

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

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

47 Reporting in accordance with the GRI Standards provides a complete and balanced picture of an
48 organization's material topics and related impacts and how it manages these topics. The
49 requirements for an organization reporting in accordance with the GRI Standards (Approach A) are
50 set out in Section 3.1 of this Standard.

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

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

56 **Format of reported information**

57 The information reported using the GRI Standards can be published or made accessible in a range of
58 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.

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

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

63 1.3 Structure of the GRI Standards

64 The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and
65 Topic Standards.

66 **Universal Standards**

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

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

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

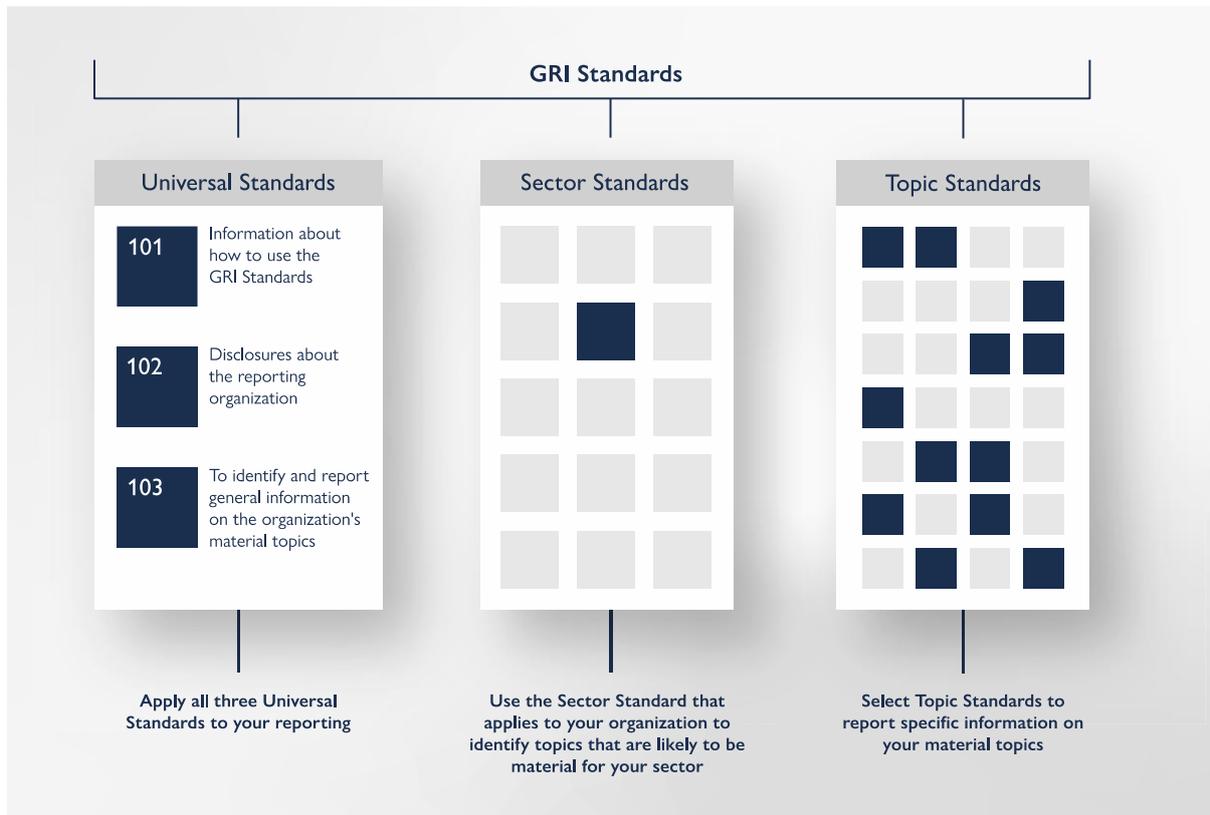
78 **Sector Standards**

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

82 **Topic Standards**

83 The Topic Standards include disclosures that provide information on particular topics. The
84 organization selects and uses the Topic Standards that correspond to the material topics it has
85 identified.

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



87 **1.4 Requirements, guidance, and defined terms**

88 The following apply throughout the GRI Standards:

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

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

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

94 The organization is not required to comply with guidance.

95 **Defined terms** are underlined in the text of the GRI Standards and hyperlinked to their definitions
 96 in the Glossary. The organization is required to apply the definitions in the Glossary.

97 **1.5 Overview of this Standard**

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

- 100 • Section 2 explains key concepts that are used throughout the GRI Standards. These are
 101 critical to understanding how to prepare and report information with the Standards.

- 102 • Section 3 sets out the two ways in which the GRI Standards can be used and presents the
103 specific statements of use that these require.
- 104 • Section 4 presents the reporting principles, which are fundamental to ensuring the quality of
105 the reported information.
- 106 • Section 5 includes recommendations on aligning sustainability reporting with other types of
107 reporting and on methods for enhancing the credibility of reporting.

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2. Key concepts in the GRI Standards

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

2.1 Impact

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

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

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

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

2.2 Material topic

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

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

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

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

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

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

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

166 **2.3 Due diligence**

167 Due diligence is the process through which an organization identifies, prevents, mitigates, and
168 accounts for how it addresses its actual and potential negative impacts on the economy,
169 environment, and people, including impacts on human rights. The organization should address
170 potential negative impacts through prevention or mitigation. It should address actual negative
171 impacts through remediation and prevent their recurrence.

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

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

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

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

189 2.4 Stakeholder

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

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

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

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

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

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

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

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

221 These distinctions are important in due diligence. In the example of the safety hazard, identifying
222 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.

223 3. Sustainability reporting using the GRI 224 Standards

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

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

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

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

234 **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

235 3.1 Approach A: Reporting in accordance with the GRI Standards

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

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

- 242 • applies the reporting principles;
- 243 • reports contextual information, including information on its reporting practices, activities,
244 governance, responsible business conduct policies and practices, and stakeholder
245 engagement;
- 246 • identifies its material topics;
- 247 • reports information on its impacts and how it manages these impacts for each of its material
248 topics.

249 If the organization does not meet all these requirements, it cannot claim that it has prepared the
250 reported information in accordance with the GRI Standards. In this case, the organization may be
251 able to claim that it has prepared the reported information with reference to the GRI Standards
252 (Approach B), provided it meets the requirements as set out in Section 3.2.

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

254 a. The organization shall apply all the reporting principles set out in Section 4 of *GRI*
255 *101: Using the GRI Standards*.

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

257 a. The organization shall report all disclosures in *GRI 102: About the Organization*.

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

259 The organization shall:

260 a. identify its material topics;

261 b. use the **GRI Sector Standard(s)** that apply to its sector(s), where these are
262 available, to identify its material topics in **A-3-a**.

263 **Guidance**

264 Section 2 of *GRI 103: Material Topics* provides guidance on how to identify material topics.

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

266 The organization shall:

267 a. report how it has identified its material topics using Disclosure **MT-1** in *GRI 103:*
268 *Material Topics*;

269 b. report its material topics and related impacts using Disclosure **MT-2** in *GRI 103:*
270 *Material Topics*;

271 c. for each material topic, whether covered by a **GRI Topic Standard** or not, report
272 how it manages the material topic and related impacts, using Disclosure **MT-3** in
273 *GRI 103: Material Topics*.

274 **Requirement A-5: Report appropriate disclosures for each identified**
 275 **material topic**

276 For each material topic, the organization shall:

- 277 a. report appropriate disclosures from the **GRI Topic Standards** that correspond to
 278 the material topic;
- 279 b. if it cannot comply with a requirement within an appropriate disclosure from a **GRI**
 280 **Topic Standard identified in A-5-a:**
 - 281 i. specify the requirement that it has omitted;
 - 282 ii. provide one of the following four reasons for omission and the required
 283 explanation for that reason.

Reason for omission	Required explanation
Not appropriate	Describe why the requirement does not contribute toward explaining the impacts related to the organization’s material topic.
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 supplier), explain this situation.

284 **Guidance**

285 **Guidance to A-5-a**

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

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

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

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

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

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

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

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

318 **Guidance to A-5-b**

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

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

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

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

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

336 a. **The organization shall publish a GRI content index in one location that is publicly**
337 **and easily accessible, using the template set out in Appendix I.**

338 **Guidance**

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

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

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

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

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

348 **Guidance**

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

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

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

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

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

- 361 • the country where the organization is incorporated or registered;
362 • a stock exchange the organization trades its securities on;
363 • the nature and type of the organization (e.g., charity, incorporated company, mutual
364 organization).

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

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

368 **Guidance**

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

373 3.2 Approach B: Reporting with reference to the GRI Standards

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

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

384 In addition to the meeting these requirements, the organization should apply the reporting principles
385 from Section 4 of this Standard. These principles ensure high-quality sustainability reporting and are
386 important for any information reported using the GRI Standards. The organization should also
387 report how it manages its impacts using Disclosure MT-3 in *GRI 103: Material Topics* for any topics
388 reported.

389 Requirement B-1: Publish a GRI content index

- 390 a. The organization shall publish a GRI content index in one location that is publicly
391 and easily accessible, using the template set out in Appendix 2.

392 Guidance

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

396 Requirement B-2: Provide a statement of use

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

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

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

403 Guidance

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

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

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

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

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

- 416 • the country where the organization is incorporated or registered;
- 417 • a stock exchange the organization trades its securities on;
- 418 • the nature and type of the organization (e.g., charity, incorporated company, mutual
419 organization).

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

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

423 **Guidance**

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

4. Reporting principles

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

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

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

Overview of principles

- Accuracy
- Balance
- Clarity
- Comparability
- Completeness
- Sustainability context
- Timeliness
- Verifiability

Accuracy

Requirement

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

Guidance

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

To apply the Accuracy principle, the organization should:

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

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

465 Balance

466 Requirement

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

469 Guidance

470 To apply the Balance principle, the organization should:

- 471 • not omit relevant information concerning its negative impacts;
- 472 • not overemphasize positive news or impacts;
- 473 • present information in a way that allows information users to see negative and positive
474 trends in impacts on a year-to-year basis;
- 475 • distinguish clearly between facts and the organization's interpretation of the facts;
- 476 • avoid presenting information in a way that it is likely to inappropriately influence the
477 conclusions or assessments of information users.

478 Clarity

479 Requirement

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

482 Guidance

483 To apply the Clarity principle, the organization should:

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

496 Comparability

497 Requirement

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

501 Guidance

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

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

507 To apply the Comparability principle, the organization should:

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

529 Completeness

530 Requirement

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

533 Guidance

534 To apply the Completeness principle, the organization should:

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

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

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

547 Sustainability context

548 Requirement

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

551 Guidance

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

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

567 Assessing the organization's sustainability context provides the organization with critical information
568 for identifying and reporting on its material topics and related impacts (see *GRI 103: Material Topics*).
569 The GRI Sector Standards describe the sustainability context for organizations in a given sector.

570 **Timeliness**

571 **Requirement**

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

574 **Guidance**

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

579 To apply the Timeliness principle, the organization should:

- 580 • make information available in a timely manner;
- 581 • balance the need to make information available in a timely manner with the need to ensure
582 that the information is reliable;
- 583 • ensure consistency in the frequency of reporting and the length of reporting periods;
- 584 • clearly indicate the time period covered by the reported information, for example, when
585 presenting information for several periods;
- 586 • indicate when the reported information was last updated and when it will be updated next.

587 See Section 5.1 of this Standard for information on aligning the reporting periods and the publishing
588 schedules of sustainability reporting with other types of reporting.

589 **Verifiability**

590 **Requirement**

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

593 **Guidance**

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

596 To apply the Verifiability principle, the organization should:

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

- 602 • if the organization designs information systems for its sustainability reporting, design these
603 systems in a way that they can be examined as part of an external assurance process;
- 604 • be able to identify the original sources of the reported information and provide reliable
605 evidence to support assumptions or complex calculations;
- 606 • be able to provide representation from the original information sources, attesting to the
607 accuracy of the reported information within acceptable margins of error;
- 608 • avoid including information that is not substantiated by evidence unless it is relevant for
609 understanding the organization's impacts;
- 610 • provide unambiguous explanations of any uncertainties associated with the reported
611 information.
- 612 See Section 5.2 of this Standard for more information on enhancing the credibility of sustainability
613 reporting.

614 5. *Additional recommendations for* 615 *sustainability reporting*

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

618 5.1 Aligning sustainability reporting with other reporting

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

623 5.2 Enhancing the credibility of sustainability reporting

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

626 **Internal controls**

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

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

635 In some jurisdictions, corporate governance codes require directors to inquire and, if satisfied, to
636 confirm the adequacy of an organization's internal controls in the annual report. The confirmation in
637 the annual report might only relate to internal controls that are necessary for financial reporting, and
638 not necessarily to the controls required to address the credibility of the organization's sustainability
639 reporting.

640 **External assurance**

641 In addition to internal controls, the organization should seek external assurance for its sustainability
642 reporting, even though this is not required in order to prepare information in accordance with the
643 GRI Standards or with reference to the GRI Standards. Disclosure REP-5 in *GRI 102: About the*
644 *Organization* requires the organization to report information on its policy and practice with regard to
645 seeking external assurance for its sustainability reporting.

646 External assurance refers to activities that assess the quality and credibility of the qualitative and
647 quantitative information reported by the organization and/or the systems or processes for reporting
648 this information (e.g., the process for identifying material topics and related impacts). This is different
649 from activities that assess or validate the quality or level of performance of an organization, such as
650 issuing performance certifications or compliance assessments.

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

656 External assurance should be conducted by competent assurance providers with appropriate
657 experience and qualifications.

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

- 659 • Independence from the organization to be able to reach and publish objective and impartial
660 conclusions about the organization's reporting in a written report that is publicly available.
- 661 • Demonstrable competence in the subject matter and assurance practices.
- 662 • Competence in applying quality control procedures to the assurance engagement.
- 663 • Ability to conduct the engagement in a manner that is systematic, documented, evidence-
664 based, and characterized by defined procedures in line with professional standards for
665 assurance.
- 666 • Ability to assess whether the organization's reporting provides a reasonable and balanced
667 presentation of impacts, by considering the accuracy of information reported as well as the
668 overall selection of content.
- 669 • Ability to assess the extent to which the organization has applied the GRI Standards in the
670 course of reaching its conclusions or opinions.

671 **Stakeholder or expert panels**

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

675 *Appendix 1. GRI content index for reporting in*
 676 *accordance with the GRI Standards*

677 **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]

[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 *GRI 102: About the Organization* and *GRI 103: Material Topics*

678 **Guidance**

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

- 681 • The statement of use
- 682 • The Sector Standard(s) it has used to identify its material topics
- 683 • The GRI Universal Standards and Topic Standards it has used
- 684 • The disclosures it has reported
- 685 • The location where the information for the disclosures can be found
- 686 • The reasons for omission it has used
- 687 • The title 'GRI content index'

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

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

692 **Statement of use**

693 The organization is required to include the statement of use for reporting in accordance with the
694 GRI Standards in the GRI content index. See Requirement A-7 in Section 3.1 of this Standard for
695 more information.

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

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

700 **GRI Universal Standards and Topic Standards used, including their number, title, and 701 publication year**

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

- 704 • *GRI 102: About the Organization*;
- 705 • *GRI 103: Material Topics*; and
- 706 • The GRI Topic Standards it has used for each material topic. The Topic Standards used are
707 organized by each material topic reported under Disclosure MT-2-a in *GRI 103: Material
708 Topics*.

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

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

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

716 **Disclosures**

717 The organization is required to list all the disclosures it has reported in the GRI content index.

718 For each material topic the organization is required to list the appropriate disclosures reported. This
719 includes appropriate disclosures from the GRI Topic Standards and disclosures from other sources.

720 The organization is required to report the disclosure code. The disclosure code refers to the unique
721 identifier for each disclosure in the GRI Standards (e.g., ACT-1). Additionally, the organization
722 should include the title of each disclosure (e.g., ACT-1 Activities, value chain, and other business
723 relationships).

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

727 **Location of reported information**

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

735 If the organization is required to report information that it has previously reported, and the
736 information has not changed during the reporting period (e.g., the organization is required to report
737 information on a policy or process that has not changed since the previous reporting period), the
738 organization can republish this information or provide a reference to the previously reported
739 information.

740 **Omissions**

741 The organization is required to include the reasons for omission it has used in the GRI content
742 index for all requirements it is unable to comply with. The organization is also required to specify
743 the requirement that it has omitted and to provide the required explanation for the reason for
744 omission it has used. See Requirement A-5-b in Section 3.1 of this Standard for more information.

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

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

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

754 *Appendix 2. GRI content index for reporting*
 755 *with reference to the GRI Standards*

756 **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 with reference to the GRI Standards cited in this content index.</p>
-------------------------	--

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]	

757 **Guidance**

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

- 760 • The statement of use
- 761 • The GRI Standards it has used
- 762 • The disclosures it has reported
- 763 • The location where the information for the disclosures can be found
- 764 • The title 'GRI content index'

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

767 The organization can use another format for the GRI content index than the one provided as long as
 768 it includes the required elements specified in this Appendix. It can also use the GRI content index
 769 specified for reporting in accordance with the GRI Standards in Appendix I, if suitable.

770 **Statement of use**

771 The organization is required to include the statement of use for reporting with reference to the GRI
 772 Standards in the GRI content index. See Requirement B-2 in Section 3.2 of this Standard for more
 773 information.

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

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

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

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

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

785 **Disclosures**

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

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

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

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

795 **Location of reported information**

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

803 If the organization is required to report information that it has previously reported, and the
804 information has not changed during the reporting period (e.g., the organization is required to report
805 information on a policy or process that has not changed since the previous reporting period), the
806 organization can republish this information or provide a reference to the previously reported
807 information.

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

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

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

817 **GRI 102: About the Organization**

This document does not represent an official position of the GSSB

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

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

861 1. Introduction

862 *GRI 102: About the Organization* contains disclosures for contextual information about the
863 organization. These include disclosures that provide details about the organization and its
864 reporting practices, activities, governance, responsible business conduct policies and practices,
865 and stakeholder engagement. This contextual information helps information
866 users better understand the nature of the organization and its impacts on the economy,
867 environment, and people.

868 An organization reporting in accordance with the GRI Standards is required to report all
869 disclosures in this Standard, as set out in Section 3.1 of *GRI 101: Using the GRI Standards*.

870 Disclosure REP-2 in this Standard requires the organization to identify the entities included in its
871 sustainability reporting. These entities define the scope for reporting all other disclosures in this
872 Standard.

873 1.1 Overview of this Standard

874 This Standard is structured as follows:

- 875 • Section 2 contains five disclosures, which provide an overview of the organization, its
876 sustainability reporting practices, and the entities covered in its sustainability reporting.
- 877 • Section 3 contains two disclosures, which cover the organization's activities, and its
878 employees and other workers.
- 879 • Section 4 contains fifteen disclosures, which provide an overview of the organization's
880 governance structure, composition, roles, and remuneration.
- 881 • Section 5 contains seven disclosures, which provide an overview of the organization's
882 policies and practices for responsible business conduct.
- 883 • Section 6 contains two disclosures, which cover the organization's stakeholder
884 engagement practices, including how it engages in collective bargaining with employees.

885 1.2 GRI Standards

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

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

894 Structure of the GRI Standards

895 The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and
896 Topic Standards.

897 **Universal Standards**

898 The three Universal Standards apply to all organizations reporting in accordance with the GRI
899 Standards.

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

902 **GRI 102: About the Organization** contains disclosures for contextual information about the
903 organization.

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

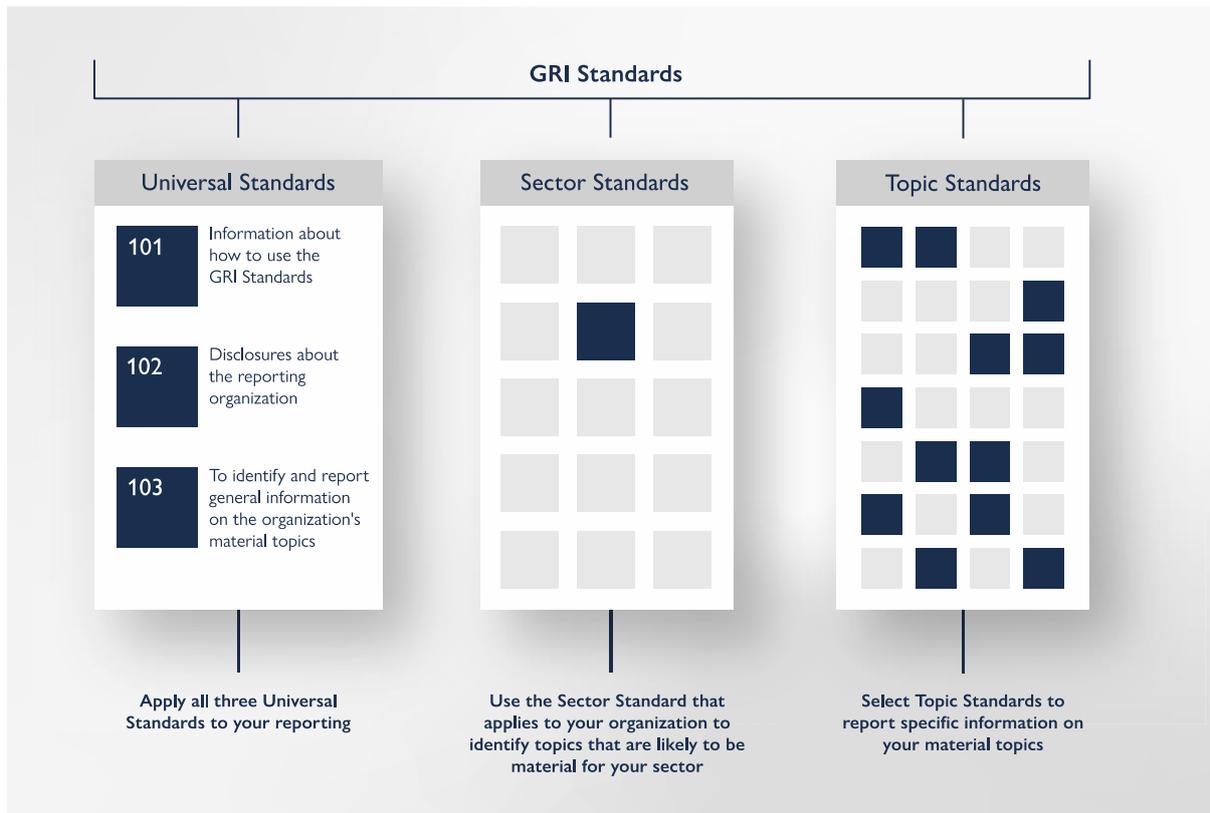
906 **Sector Standards**

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

910 **Topic Standards**

911 The Topic Standards include disclosures that provide information on particular topics. The
912 organization selects and uses the Topic Standards that correspond to the material topics it has
913 identified.

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



915 **1.3 Requirements, guidance, and defined terms**

916 The following apply throughout the GRI Standards:

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

918 As set out in Section 3.1 of *GRI 101: Using the GRI Standards*, information required by the
 919 disclosures in *GRI 102* cannot be omitted. All information required by the disclosures in *GRI 102*
 920 is considered critical for information users to understand the organization and its context.

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

926 For example, Disclosure GOV-4 requires the organization to describe its processes for
 927 consultation between stakeholders and the highest governance body on sustainable development
 928 topics. If the organization does not have such a process in place, then it is required to state this.
 929 This ensures transparency for information users and enables the organization to meet the
 930 requirement.

931 If the organization is required to report information that it has previously reported, and the
 932 information has not changed during the reporting period (e.g., the organization is required to
 933 report information on a policy or process that has not changed since the previous reporting
 934 period), the organization can republish this information or provide a reference to the previously
 935 reported information.

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

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

940 The organization is not required to comply with guidance.

941 **Defined terms** are underlined in the text of the GRI Standards and hyperlinked to their
942 definitions in the Glossary. The organization is required to apply the definitions in the Glossary.

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943 2. *Organizational details and reporting* 944 *practices*

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

947 Disclosure REP-I Organizational details

948 **Requirements**

949 **The organization shall:**

- 950 **a. report its legal name;**
- 951 **b. report its nature of ownership and legal form;**
- 952 **c. report its location of headquarters;**
- 953 **d. report the countries where it has significant operations.**

954 **Guidance**

955 **Guidance to REP-I-a**

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

958 **Guidance to REP-I-b**

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

962 **Guidance to REP-I-c**

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

965 **Guidance to REP-I-d**

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

969 Disclosure REP-2 Organization's entities included in its
970 sustainability reporting

971 Requirements

972 The organization shall:

- 973 a. list its entities that are included in its sustainability reporting;
- 974 b. if the organization has audited consolidated financial statements or financial
975 information filed on public record, specify the differences between the list of
976 entities included in its financial reporting and the list included in its sustainability
977 reporting;
- 978 c. if the organization consists of multiple entities that form a consolidated group,
979 explain the approach used for consolidating the information, including:
- 980 i. whether the approach involves adjustments to information for minority
981 interests in the case of entities that are not wholly owned;
- 982 ii. how the approach takes into account mergers, acquisitions, and disposal
983 of entities or parts of entities;
- 984 iii. whether and, if so, how the approach differs across material topics.

985 Guidance

986 Guidance to REP-2-a

987 The entities reported under REP-2-a form the basis for reporting the remaining disclosures in
988 this Standard and for identifying the organization's material topics and related impacts. The
989 organization should align the entities included in its sustainability reporting with the entities
990 included in its other statutory and regulatory reporting, in particular, its financial reporting. See
991 Section 5.1 of *GRI 101: Using the GRI Standards* for more information.

992 When identifying its material topics and related impacts, the organization should consider the
993 impacts of additional entities with which it has business relationships, that are not included in the
994 list reported under REP-2-a. See Section 2 of *GRI 103: Material Topics* for more information.

995 Guidance to REP-2-b

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

1000 Guidance to REP-2-c

1001 A consolidated group is a group of entities consisting of a parent entity and its subordinate
1002 entities, such as subsidiaries, joint ventures, and affiliates.

1003 A minority interest is the ownership or interest of a subordinate entity, by a party other than the
1004 parent entity, in the consolidated group.

1005 Disclosure REP-3 Reporting period and frequency

1006 Requirements

1007 The organization shall:

- 1008 a. specify the reporting period for its sustainability reporting;
- 1009 b. if the organization has audited consolidated financial statements or financial
1010 information filed on public record, specify the reporting period for its financial
1011 reporting and provide an explanation if it does not align with the period for its
1012 sustainability reporting;
- 1013 c. report the frequency of its sustainability reporting.

1014 Guidance

1015 **Guidance to REP-3-a and REP-3-b**

1016 The reporting period refers to the time period covered by the reported information, e.g., the
1017 year ending 31 December 2021. The organization should align the reporting period for its
1018 sustainability reporting with the reporting period for its other statutory and regulatory reporting,
1019 in particular, its financial reporting. See Section 5.1 of *GRI 101: Using the GRI Standards*.

1020 **Guidance to REP-3-c**

1021 The frequency of reporting refers to how often the organization carries out reporting, e.g.,
1022 annually.

1023 Disclosure REP-4 Restatements of information

1024 Requirements

1025 The organization shall:

- 1026 a. explain any restatements of information from previous reporting periods and
1027 their effect, and report the reasons for such restatements.

1028 Guidance

1029 **Background**

1030 If the organization restates information reported during previous reporting periods and includes
1031 the restated information in its reporting for the current period, it is required to explain the
1032 revision or correction made under the restatement. Restatements of information from previous
1033 reporting periods can be provided to correct an error, or account for a change in measurement
1034 methodology or a change in the business context. Providing restatements of information enables
1035 consistency and comparability of information between reporting periods, and helps information
1036 users in interpreting the reported information. This disclosure provides transparency on the
1037 reasons for such restatements and their effects on the reported information.

1038 **Guidance to REP-4-a**

1039 Reasons for restatements of information can include:

- 1040 • errors made in previous reporting periods;
- 1041 • disposals, mergers, or acquisitions;
- 1042 • change of base periods or reporting periods;
- 1043 • change in the nature of the business;
- 1044 • change in measurement methods.

1045 The effect of the restatement refers to the actual revision or correction made to previously
1046 reported information. If the restatement relates to quantitative information, the organization
1047 should specify the quantitative change in the restated information.

1048 For example, suppose an organization experiences a significant reduction in its reported GHG
1049 emissions due to the adoption of a new method for measuring emissions that is more accurate.
1050 The organization restates its previously reported information on GHG emissions in its reported
1051 information for the current period. In this case, the organization is required to explain that it has
1052 restated its previously reported GHG emission levels due to the new measurement
1053 methodology, and that this has resulted in lower GHG emissions than previously reported for
1054 these periods. The organization should also report the quantitative change observed (e.g., GHG
1055 emissions are 10% lower compared to the level of emissions previously reported).

1056 **Disclosure REP-5 External assurance**

1057 **Requirements**

1058 **The organization shall:**

- 1059 a. **describe its policy and practice with regard to seeking external assurance,**
1060 **including whether and how the highest governance body and senior executives**
1061 **are involved;**
- 1062 b. **if the organization's sustainability reporting has been externally assured:**
 - 1063 i. **provide a reference to the external assurance report(s), conclusions, or**
1064 **opinions;**
 - 1065 ii. **describe what has and what has not been assured, the assurance standards**
1066 **used, the level of assurance obtained, and the limitations of the assurance**
1067 **process;**
 - 1068 iii. **describe the relationship between the organization and the assurance**
1069 **provider.**

1070 **Guidance**

1071 **Guidance to REP-5-b-ii**

1072 The description of what has and what has not been assured, the assurance standards used, the
1073 level of assurance obtained, and the limitations of the assurance process is sometimes included in
1074 the assurance report(s), conclusions, or opinions. If this is the case, the organization can provide
1075 a link to this information included in the external assurance report(s), conclusions, or opinions.

- I076 If this is not the case, the organization is required to report a summary, in accessible language,
I077 reflecting the key elements covered in the external assurance report, including:
- I078 • scope of information and processes covered;
 - I079 • assurance and reporting standards used;
 - I080 • responsibilities of the organization relative to the assurance provider;
 - I081 • level of assurance obtained;
 - I082 • limitations of the assurance process;
 - I083 • opinion or conclusions formally signed off by the assurance provider;
 - I084 • summary of the work performed; and
 - I085 • information on the experience and qualifications of the assurance providers.
- I086 See Section 5.2 of *GRI 101: Using the GRI Standards* for more information on external assurance.

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1087 3. Organizational activities

1088 The disclosures in this section provide an overview of the organization's activities and its
1089 employees and other workers. This contextual information helps information users better
1090 understand the nature of the organization and its impacts on the economy, environment, and
1091 people.

1092 Disclosure ACT-I Activities, value chain, and other business 1093 relationships

1094 Requirements

1095 The organization shall:

- 1096 a. report its sector;
- 1097 b. describe its value chain, including:
- 1098 i. the organization's main activities, products, services, and markets served;
- 1099 ii. entities upstream from the organization and their activities related to the
1100 organization's products and services, i.e., its supply chain;
- 1101 iii. entities downstream from the organization and their activities related to
1102 the organization's products and services;
- 1103 c. report other relevant business relationships;
- 1104 d. describe significant changes in ACT-I-a, ACT-I-b and ACT-I-c since the
1105 previous reporting period.

1106 Guidance

1107 Guidance to ACT-I-a

1108 Sectors can be identified according to different groupings, such as the public or private sector, or
1109 industry-specific categories, such as the education sector, or the financial sector. If the
1110 organization is part of more than one sector, it can report those sectors that provide contextual
1111 information to understand its impacts on the economy, environment, and people.

1112 Depending on the organization's activities, sectors can be identified using various classification
1113 systems that define categories for economic activities. For example, the UN-based *International
1114 Standard Industrial Classification of All Economic Activities*, or investment-based classification systems,
1115 such as the *Global Industry Classification Standard* or the *Industry Classification Benchmark*.

1116 The organization is required to use the GRI Sector Standard(s) that apply to its sector(s), where
1117 these are available for its sector(s).

1118 Guidance to ACT-I-b

1119 The organization's value chain includes the organization's own activities, as well as activities
1120 carried out by entities upstream and downstream from the organization in relation to the
1121 organization's products and services. Entities upstream from the organization are those that
1122 supply products or services that contribute to the organization's own products or services.
1123 Entities downstream from the organization receive products or services from the organization.
1124 Entities in the value chain include entities beyond the first tier, both upstream and downstream.

1125 The information required in ACT-I-b helps to understand the impacts that occur across the
1126 organization's value chain, including through the use of its products and services. Describing the
1127 markets served provides further information on the groups of customers targeted by the
1128 organization's products and services.

1129 **Guidance to ACT-I-b-i**

1130 The organization should describe if it sells products and services that are banned in certain
1131 markets or are the subject of stakeholder concerns or public debate, and how the organization
1132 has responded to these concerns.

1133 When describing the markets served, the organization can:

- 1134 • report the markets it serves using geographic, demographic, or behavioral characteristics;
- 1135 • specify information on the size and relative importance of the markets served, for
1136 example, by reporting net sales or net revenues.

1137 **Guidance to ACT-I-b-ii**

1138 When describing the entities upstream from the organization and the activities they carry out in
1139 relation to the organization's products and services (i.e., the supply chain), the organization can:

- 1140 • specify the types of suppliers (e.g., contractor, wholesalers, brokers);
- 1141 • report the estimated number of suppliers throughout its supply chain (i.e., in the first
1142 tier, second tier, etc.);
- 1143 • report the types of activities of its suppliers (e.g., manufacturing of the organization's
1144 products, provision of services);
- 1145 • specify the nature of the business relationship it has with its suppliers (e.g., long-term or
1146 short-term contract, project- or event-based relationship);
- 1147 • specify the sector-specific characteristics of its supply chain (e.g., labor-intensive);
- 1148 • report the estimated monetary value of payments made to its suppliers;
- 1149 • specify the geographic locations of its suppliers.

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

1151 When describing the entities downstream from the organization and the activities they carry out
1152 in relation to the organization's products and services, the organization can:

- 1153 • specify the types of customers and beneficiaries (e.g., end consumers, other businesses,
1154 recipients of the products or services from a social enterprise or a nonprofit
1155 organization);
- 1156 • report the estimated number of downstream entities (i.e., in the first tier, second tier,
1157 etc.);
- 1158 • report the types of activities of these downstream entities (e.g., wholesaler,
1159 manufacturer, retailer);
- 1160 • specify the nature of the business relationship it has with its downstream entities (e.g.,
1161 long-term or short-term contract, project- or event-based relationship);
- 1162 • specify the geographic locations of downstream entities.

1163 **Guidance to ACT-I-c**

1164 Other relevant business relationships include relationships with entities that are not described as
1165 part of the organization's value chain under ACT-I-b. These can consist of business partners

1166 (e.g., joint ventures) and other entities directly linked to the organization's operations, products,
1167 or services.

1168 When describing other relevant business relationships, the organization can specify the types of
1169 entities, the activities they perform, and their geographic location.

1170 **Guidance to ACT-1-d**

1171 The description of significant changes to the organization's sector, value chain, and other business
1172 relationships helps understand any variations in the reported information since the previous
1173 reporting period. Examples of significant changes include changes in activities, such as, facility
1174 openings, closings, and expansions; changes in the structure of the supply chain or in relationships
1175 with suppliers; and changes in the location of suppliers.

1176 **Disclosure ACT-2 Employees and other workers**

1177 **Requirements**

1178 **The organization shall:**

1179 **a. report the total number of employees, and provide a breakdown of this total by:**

1180 **i. employment contract (permanent and temporary), by gender;**

1181 **ii. employment contract (permanent and temporary), by region;**

1182 **iii. employment type (full-time and part-time), by gender;**

1183 **iv. employment type (full-time and part-time), by region;**

1184 **b. provide contextual information to understand the data reported under ACT-2-a;**

1185 **c. report the total number of workers who are not employees and whose work is
1186 controlled by the organization, including:**

1187 **i. the most common types of worker and their contractual relationship with
1188 the organization;**

1189 **ii. the work they perform;**

1190 **d. describe significant fluctuations in the number of employees and workers who
1191 are not employees during the reporting period and between reporting periods;**

1192 **e. describe the assumptions and methodologies used to compile the data, including
1193 whether the number of employees and workers who are not employees are
1194 reported:**

1195 **i. in head count, full-time equivalent (FTE), or using another methodology;**

1196 **ii. at the end of the reporting period, as an average across the reporting
1197 period, or using another methodology.**

1198 **Guidance**

1199 **Background**

1200 This disclosure provides information about the number of employees and other workers who
1201 are not employees that perform work for the organization. To understand how many workers in
1202 total perform work for the organization, it is important to know the number of workers who are
1203 not employees as these are not represented in formal employment figures.

1204 The disclosure gives insight into the organization's approach to employment, as well as the scope
1205 and nature of impacts created by labor issues. It also provides contextual information to
1206 understand the information reported in other disclosures, and serves as the basis for calculation
1207 in several disclosures, such as the disclosure on the percentage of employees covered by
1208 collective bargaining agreements.

1209 This disclosure covers all employees and all workers who are not employees who perform work
1210 for any of the organization's entities included in its sustainability reporting (reported under
1211 Disclosure REP-2).

1212 See references 6, 7, 8, 16, 22, 25, and 27 in the References section.

1213 **Guidance to ACT-2-a**

1214 An employee is an individual who is in an employment relationship with the organization,
1215 according to national law or its application.

1216 To identify the employment contract and employment type of its employees, the organization
1217 should use the definitions under the national laws of the countries where the employees are
1218 based, as what constitutes an employment contract and employment type varies between
1219 countries. For example, the national legislations vary in their definitions of a full-time contract. If
1220 the organization has employees in more than one country, it should add up the country-level
1221 data to calculate the total numbers, disregarding differences in national legal definitions.

1222 Providing data on employees by employment contract and employment type by gender enables
1223 an understanding of gender representation and diversity across an organization. The organization
1224 can report information for gender categories in addition to male and female.

1225 Providing data on employees by employment contract and employment type by region enables an
1226 understanding of regional representation and variations across regions. Region can refer to a
1227 'country' or 'geographical area'.

1228 If the organization is unable to report exact figures, it can report estimates of the number of
1229 employees to the nearest ten or, where the number of employees is greater than 1000, to the
1230 nearest 100.

1231 See [Tables 1-4](#) for examples on how to present this data.

1232 **Guidance to ACT-2-b**

1233 Quantitative data, such as the number of temporary and part-time employees is unlikely to
1234 provide sufficient information on its own. For example, a high number of temporary or part-time
1235 employees could indicate a lack of security for employees, but it could equally signal flexibility
1236 when offered as a voluntary choice. For this reason, quantitative data should be accompanied by
1237 contextual information to help information users understand the data and formulate an
1238 appropriate interpretation.

1239 The organization can explain the reasons for temporary employment (e.g., to undertake work on
1240 temporary or seasonal projects or events, or because it is standard practice to offer a temporary
1241 contract to new employees). If differences in employment contracts exist between genders or
1242 between regions, the organization can explain the reasons for these differences.

1243 Similarly, the organization can explain the reasons for part-time employment (e.g., to
1244 accommodate employees' requests to work reduced hours, or because it is unable to provide
1245 full-time employment to all employees). The organization can also explain how full-time
1246 employment is defined and whether the same definition applies globally. If differences in
1247 employment types exist between genders or between regions, the organization can explain the
1248 reasons for these differences.

1249 **Guidance to ACT-2-c**

1250 Workers who are not employees are those who perform work for the organization but are not
1251 in an employment relationship with the organization (e.g., agency workers, contractors, self-
1252 employed persons, volunteers). ACT-2-c provides an understanding of how much the
1253 organization relies on workers who are not employees to perform its work compared to
1254 employees.

1255 Control of work implies that the organization directs the work performed or has control over
1256 the means or methods for performing the work. The organization might have sole control of the
1257 work or share control with one or more organizations (e.g., suppliers, customers, or other
1258 business partners, such as in joint ventures).

1259 If the organization is unable to report exact figures, it can report estimates of the number of
1260 workers who are not employees to the nearest ten or, where the number of workers who are
1261 not employees is greater than 1000, to the nearest 100.

1262 If all the workers performing work for the organization are employees and the organization does
1263 not engage any workers who are not employees, a brief statement of this fact is sufficient to
1264 meet the requirement.

1265 **Guidance to ACT-2-c-i and ACT-2-c-ii**

1266 ACT-2-c-i requires the organization to report the most common types of worker who are not
1267 employees. The organization can use the following categories to report the types of worker:
1268 agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-
1269 contractors, volunteers. The organization is also required to report its contractual relationship
1270 with the most common types of worker, i.e., whether it engages them directly or indirectly
1271 through a third party, and in the latter case, who this third party is (e.g., employment agency,
1272 sub-contractor). ACT-2-c-ii requires the organization to describe the work performed by the
1273 most common types of worker.

1274 It is sufficient to provide a general description; the organization is not required to report the
1275 type of worker, contractual relationship, and work performed for every worker that is not an
1276 employee.

1277 **Guidance to ACT-2-d**

1278 The organization is required to describe all fluctuations in the number of employees and workers
1279 who are not employees that it deems significant. The description can include how the numbers
1280 vary (e.g., whether the numbers have increased or decreased during the reporting period or in
1281 comparison to the previous reporting period), and the reasons for the fluctuations (e.g., an
1282 increase in workers who are not employees due to a seasonal event taking place, or a decrease
1283 in the number of employees in comparison to the previous reporting period due to the
1284 completion of a temporary project).

1285 If there are no significant fluctuations in the number of employees and workers who are not
1286 employees during the reporting period or between reporting periods, a brief statement of this
1287 fact is sufficient to meet the requirement.

1288 **Guidance to ACT-2-e**

- 1289 The organization should report the number of employees by employment type (full-time and
1290 part-time) in head count. The head count gives insight into the number of individual workers
1291 performing work for the organization, whether on a full-time or part-time basis.
- 1292 The organization can report the number of employees by employment contract (permanent and
1293 temporary) in head count or full-time equivalent (FTE). Reporting these numbers in FTE gives
1294 insight into the hours worked.
- 1295 The organization can also use another methodology for reporting these numbers if that is
1296 appropriate.
- 1297 Reporting the number of employees and workers who are not employees at the end of the
1298 reporting period provides information for that point in time, without capturing any fluctuations
1299 during the reporting period. Reporting these numbers in averages across the reporting period
1300 takes into account fluctuations during the reporting period.

1301 **Table 1 Example template for presenting**
 1302 **information for ACT-2-a-i**

Total number of employees by employment contract, by gender	
Male	Year
Permanent	[Number]
Temporary	[Number]
Total	[Number]
Female	
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]

1305 **Table 2 Example template for presenting**
 1306 **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]

1303 **Table 3 Example template for presenting**
 1304 **information for ACT-2-a-iii**

Total number of employees by employment type, by gender	
Male	Year
Full-time	[Number]
Part-time	[Number]
Total	[Number]
Female	
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]

1307 **Table 4 Example template for presenting**
 1308 **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]

1309 4. Governance

1310 Transparency on the governance structure, composition, roles, and remuneration is important to
1311 ensure the accountability of the relevant bodies and individuals with respect to the organization's
1312 contribution to sustainable development.

1313 In the disclosures in this section the term 'sustainable development topics' refers to topics that
1314 reflect the organization's impacts on the economy, environment, and people, including impacts on
1315 human rights.

1316 Disclosure GOV-1 Governance structure and composition

1317 Requirements

1318 The organization shall:

- 1319 a. describe its governance structure, including committees of the highest governance
1320 body;
- 1321 b. report the committees of the highest governance body responsible for decision-
1322 making on and overseeing the management of sustainable development topics;
- 1323 c. describe the composition of the highest governance body and its committees by:
- 1324 i. executive and non-executive members;
- 1325 ii. independence;
- 1326 iii. tenure of members on the governance body;
- 1327 iv. number of each member's other significant positions and commitments, and
1328 the nature of the commitments;
- 1329 v. gender;
- 1330 vi. membership of under-represented social groups;
- 1331 vii. competencies relating to sustainable development topics that are relevant to
1332 the organization and the sector in which it operates;
- 1333 viii. stakeholder representation.

1334 Disclosure GOV-2 Nomination and selection of the highest 1335 governance body

1336 Requirements

1337 The organization shall:

- 1338 a. describe the nomination and selection processes for the highest governance body
1339 and its committees;

- 1340 b. describe the criteria used for nominating and selecting highest governance body
1341 members, including whether and how:
- 1342 i. stakeholders (including shareholders) are involved;
 - 1343 ii. diversity is considered;
 - 1344 iii. independence is considered;
 - 1345 iv. expertise and experience relating to sustainable development topics are
1346 considered.

1347 Disclosure GOV-3 Responsibilities for sustainable development
1348 topics and delegation

1349 **Requirements**

1350 The organization shall:

- 1351 a. describe the role and responsibilities of the highest governance body with regard to
1352 decision-making for sustainable development topics;
- 1353 b. report whether the organization has appointed any senior executives with
1354 responsibility for sustainable development topics;
- 1355 c. describe how management of sustainable development topics is delegated from the
1356 highest governance body to senior executives and other employees;
- 1357 d. describe the internal resources that the organization has for managing sustainable
1358 development topics;
- 1359 e. describe the process and specify the frequency for reporting to the highest
1360 governance body on sustainable development topics.

1361 Disclosure GOV-4 Stakeholder consultation on sustainable
1362 development topics

1363 **Requirements**

1364 The organization shall:

- 1365 a. describe the processes for consultation between stakeholders and the highest
1366 governance body on sustainable development topics;
- 1367 b. if responsibility for stakeholder consultation is delegated, report to whom it is
1368 delegated, and how the feedback received is provided to the highest governance
1369 body.

1370 Disclosure GOV-5 Chair of the highest governance body

1371 **Requirements**

1372 The organization shall:

- 1373 a. report whether the chair of the highest governance body is also a senior executive
1374 in the organization;
- 1375 b. if the chair is also a senior executive, explain their function within the
1376 organization's management, the reasons for this arrangement, and how any
1377 conflicts of interest are managed.

1378 Disclosure GOV-6 Conflicts of interest

1379 **Requirements**

1380 The organization shall:

- 1381 a. describe the processes for the highest governance body to ensure that conflicts of
1382 interest are avoided and managed;
- 1383 b. report whether conflicts of interest are disclosed to stakeholders, including, as a
1384 minimum, the following conflicts of interest:
- 1385 i. **Cross-board membership;**
- 1386 ii. **Cross-shareholding with suppliers and other stakeholders;**
- 1387 iii. **Existence of controlling shareholder;**
- 1388 iv. **Related parties, their relationships, transactions, and outstanding balances.**

1389 **Guidance**

1390 **Background**

1391 See reference 13 in the References section.

1392 **Guidance to GOV-6-b-iii**

1393 The organization should use the definition of controlling shareholder applied in the organization's
1394 consolidated financial statements or equivalent documents.

1395 Disclosure GOV-7 Role of the highest governance body in setting
1396 purpose, values, and strategy

1397 **Requirements**

1398 **The organization shall:**

- 1399 a. describe the role of the highest governance body and of senior executives in the
1400 development, approval, and updating of the organization's purpose, value or
1401 mission statements, strategies, policies, and goals related to sustainable
1402 development topics.

1403 Disclosure GOV-8 Collective knowledge of the highest governance
1404 body

1405 **Requirements**

1406 **The organization shall:**

- 1407 a. report measures taken to develop the collective knowledge, skills, and experience
1408 of the highest governance body on sustainable development topics.

1409 Disclosure GOV-9 Evaluation of the performance of the highest
1410 governance body

1411 **Requirements**

1412 **The organization shall:**

- 1413 a. describe processes for evaluating the performance of the highest governance body
1414 with respect to governance of sustainable development topics;
1415 b. report whether the evaluation is independent or not, and the frequency of the
1416 evaluation;
1417 c. describe actions taken in response to the evaluation, including, as a minimum,
1418 changes in membership and organizational practices.

1419 Disclosure GOV-10 Identification and management of impacts

1420 Requirements

1421 The organization shall:

- 1422 a. describe the role of the highest governance body in overseeing the organization's
1423 processes to identify and manage sustainable development topics and their related
1424 impacts, including:
- 1425 i. the role of the highest governance body in due diligence processes;
 - 1426 ii. the role of any committees of the highest governance body with specific
1427 responsibilities for these processes;
 - 1428 iii. how the highest governance body considers and reviews the outcomes of
1429 these processes;
- 1430 b. report whether stakeholder consultation is used to support the role of the highest
1431 governance body as described in GOV-10-a;
- 1432 c. specify the frequency of reporting to the highest governance body on the
1433 organization's processes as described in GOV-10-a;
- 1434 d. describe the role of the highest governance body in reviewing the effectiveness of
1435 the organization's processes as described in GOV-10-a, and specify the frequency of
1436 this review.

1437 Guidance

1438 Background

1439 See references 13, 15, 17, and 18 in the References section.

1440 Disclosure GOV-11 Role of the highest governance body in 1441 sustainability reporting

1442 Requirements

1443 The organization shall:

- 1444 a. report the committee of the highest governance body or senior executive position
1445 that formally reviews and approves the organization's sustainability reporting and
1446 ensures that the organization reports all identified material topics.

1447 Guidance

1448 Guidance to GOV-11

1449 The organization is also required to include in its sustainability reporting a statement by the highest
1450 governance body or most senior executive position acknowledging their responsibility that the
1451 reported information has been prepared in accordance with the GRI Standards or with reference to

1452 the GRI Standards, depending on the case. See Sections 3.1 and 3.2 of *GRI 101: Using the GRI*
1453 *Standards*.

1454 Disclosure GOV-12 Communication of critical concerns

1455 Requirements

1456 The organization shall:

- 1457 a. describe the processes for communicating critical concerns with regard to
1458 sustainable development topics to the highest governance body;
- 1459 b. report the total number and nature of critical concerns that were communicated
1460 to the highest governance body during the reporting period;
- 1461 c. describe the mechanisms used to address and resolve critical concerns.

1462 Disclosure GOV-13 Remuneration policies

1463 Requirements

1464 The organization shall:

- 1465 a. describe the remuneration policies for highest governance body members and
1466 senior executives, including:
 - 1467 i. fixed pay and variable pay, such as performance-based pay, equity-based pay,
1468 bonuses, and deferred and vested shares;
 - 1469 ii. sign-on bonuses or recruitment incentive payments;
 - 1470 iii. termination payments;
 - 1471 iv. clawbacks;
 - 1472 v. retirement benefits, such as the difference between benefit schemes and
1473 contribution rates for the highest governance body members, senior
1474 executives, and all other employees;
- 1475 b. describe how performance criteria in the remuneration policies for highest
1476 governance body members and senior executives relate to their objectives for
1477 sustainable development topics.

1478 Guidance

1479 Background

1480 Remuneration policies are established to ensure that the remuneration arrangements support the
1481 organization's strategy and its contribution to sustainable development, align with the interests of
1482 stakeholders, and enable the recruitment, motivation, and retention of highest governance body
1483 members, senior executives, and employees.

1484 **Guidance to GOV-13**

1485 If the organization uses performance-related pay, it should describe how remuneration for senior
1486 executives is designed to reward long-term performance.

1487 If the organization uses termination payments, it should explain whether:

- 1488 • notice periods for highest governance body members and senior executives are different
1489 from those for other employees;
- 1490 • termination payments for highest governance body members and senior executives are
1491 different from those for other employees;
- 1492 • any payments other than those related to the notice period are paid to departing highest
1493 governance body members and senior executives;
- 1494 • any mitigation clauses are included in the termination arrangements.

1495 **Disclosure GOV-14 Process for determining remuneration**

1496 **Requirements**

1497 **The organization shall:**

- 1498 a. **describe its process for determining remuneration, including its remuneration**
1499 **policies;**
- 1500 b. **report whether independent members of the highest governance body or an**
1501 **independent remuneration committee oversee the remuneration process;**
- 1502 c. **describe how the views of stakeholders (including shareholders) regarding**
1503 **remuneration are sought and taken into account;**
- 1504 d. **report the results of votes on remuneration policies and proposals, if applicable;**
- 1505 e. **report whether remuneration consultants are involved in determining**
1506 **remuneration and, if so, report any relationships that the remuneration consultants**
1507 **have with the organization, its highest governance body, or senior executives.**

1508 **Disclosure GOV-15 Annual total compensation ratio**

1509 **Requirements**

1510 **The organization shall:**

- 1511 a. **report the ratio of the annual total compensation for the organization's highest-**
1512 **paid individual in each country of significant operations to the median annual total**
1513 **compensation for all employees (excluding the highest-paid individual) in the same**
1514 **country;**
- 1515 b. **report the ratio of the percentage increase in annual total compensation for the**
1516 **organization's highest-paid individual in each country of significant operations to**
1517 **the median percentage increase in annual total compensation for all employees**
1518 **(excluding the highest-paid individual) in the same country.**

1519 **Guidance**

1520 **Guidance to GOV-15**

1521 When calculating the ratios, the organization should:

- 1522
- for each country of significant operations:
 - 1523 – list types of compensation included;
 - 1524 – specify whether full-time and part-time employees are included;
 - 1525 – specify whether full-time equivalent pay rates are used for each part-time employee;
 - depending on the organization’s remuneration policies and availability of data, consider all of the following components:
 - 1528 (i). the base salary, which is the sum of guaranteed, short-term, and non-variable cash
1529 compensation;
 - 1530 (ii). total cash compensation, which is the sum of (i) the base salary, together with cash
1531 allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash
1532 payments;
 - 1533 (iii). direct compensation, which is the sum of (ii) total cash compensation, together with
1534 total fair value of all annual long-term incentives, such as stock option awards, restricted
1535 stock shares or units, performance stock shares or units, phantom stock shares, stock
1536 appreciation rights, and long-term cash awards.

1537 5. Responsible business conduct

1538 The disclosures in this section provide an overview of the organization's policies and practices for
1539 responsible business conduct. The disclosures are based on expectations for businesses contained in
1540 internationally recognized instruments, which include the International Labour Organization (ILO),
1541 *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*; the Organisation
1542 for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*
1543 and *OECD Due Diligence Guidance for Responsible Business Conduct*; and the United Nations (UN),
1544 *Guiding Principles on Business and Human Rights*. These instruments in turn are based on international
1545 legal instruments, such as the UN's *International Bill of Human Rights* and the ILO conventions.

1546 Expectations for responsible business conduct include complying with laws and regulations;
1547 respecting all internationally recognized human rights, including the rights of workers; protecting the
1548 environment, public health and safety; combating bribery, bribe solicitation, extortion, and other
1549 forms of corruption; adhering to good tax practices; as well as conducting due diligence in order to
1550 identify, prevent, mitigate, and account for how an organization addresses its negative impacts on the
1551 economy, environment, and people.

1552 Disclosure RBC-I Statement on sustainable development strategy

1553 Requirements

1554 The organization shall:

- 1555 a. provide a statement from the highest governance body or most senior executive of
1556 the organization about the relevance of sustainable development to the
1557 organization and its strategy for contributing to sustainable development.

1558 Guidance

1559 Guidance to RBC-I

1560 The statement should include:

- 1561 • the vision and strategy for the short-term, medium-term, and long-term, with respect to
1562 managing the organization's impacts on the economy, environment, and people, including
1563 impacts on human rights, across its activities and business relationships;
- 1564 • short-term and medium-term strategic priorities for contributing to sustainable
1565 development, including observance of internationally recognized standards and agreements;
- 1566 • broader trends (e.g., macroeconomic or political) affecting the organization's strategy for
1567 contributing to sustainable development;
- 1568 • changes in the business model to address impacts to sustainable development;
- 1569 • key events, achievements, and failures with respect to the organization's contributions to
1570 sustainable development during the reporting period;
- 1571 • overview of performance against goals and targets for the organization's material topics for
1572 contributing to sustainable development during the reporting period;
- 1573 • the organization's main challenges and goals and targets for the next year and for the coming
1574 three to five years with respect to its contribution to sustainable development.

1575 When determining whether the highest governance body or most senior executive provides the
1576 required statement, the organization should consider its legal and operating context. For some
1577 organizations this will be influenced by applicable legislation or regulation, which can be related to:

- 1578 • the country where the organization is incorporated or registered;
- 1579 • a stock exchange the organization trades its securities on;
- 1580 • the nature and type of the organization (e.g., charity, incorporated company, mutual
1581 organization).

1582 Disclosure RBC-2 Policy commitments

1583 Requirements

1584 The organization shall:

- 1585 a. describe its policy commitments for responsible business conduct, including:
 - 1586 i. the internationally recognized instruments that the commitments reference;
 - 1587 ii. whether the commitments stipulate conducting due diligence;
 - 1588 iii. whether the commitments stipulate applying the precautionary principle;
 - 1589 iv. whether the commitments stipulate respecting human rights;
- 1590 b. describe its specific policy commitment to respect human rights, including:
 - 1591 i. the internationally recognized human rights that the commitment covers;
 - 1592 ii. the categories of stakeholders, including at-risk or vulnerable groups, that
1593 the organization gives particular attention to in the commitment;
- 1594 c. provide links to the policy commitments if publicly available, or, if the policy
1595 commitments are not publicly available, explain the reason for this;
- 1596 d. report the level at which each of the policy commitments was approved within the
1597 organization, including whether this is the most senior level, and the date of
1598 approval;
- 1599 e. report whether the policy commitments apply solely to the organization's own
1600 activities or whether they also stipulate the organization's expectations of those
1601 with which it has business relationships and, if so, describe what those expectations
1602 are;
- 1603 f. describe how the policy commitments are communicated to workers, business
1604 partners, and other relevant parties;
- 1605 g. if the organization does not have any of the policy commitments in RBC-2-a,
1606 explain the reason for not having them or describe any plans to develop them.

1607 Guidance

1608 Background

1609 This disclosure covers the organization's policy commitments for responsible business conduct,
1610 including the commitment to respect human rights. These commitments can be set out in a

1611 standalone policy document or they can be included within one or more other policy documents,
1612 such as codes of conduct.

1613 The *OECD Guidelines for Multinational Enterprises*, the *OECD Due Diligence Guidance for Responsible*
1614 *Business Conduct*, and the *UN Guiding Principles on Business and Human Rights* set out expectations for
1615 organizations in relation to these commitments.

1616 **Guidance to RBC-2-a**

1617 The organization should report the expectations, values, principles, and norms of behavior set out in
1618 the policy commitments.

1619 The organization can also report how the policy commitments were developed, including the
1620 internal and external expertise that informed the policy commitments.

1621 **Guidance to RBC-2-a-i**

1622 The introduction to this section (i.e., Section 5 of this Standard) provides examples of internationally
1623 recognized instruments for responsible business conduct.

1624 The organization can also make a reference to other standards or initiatives that it participates in.

1625 **Guidance to RBC-2-a-iii**

1626 The precautionary principle is set out in Principle 15 of the *UN Rio Declaration on Environment and*
1627 *Development*. It states: 'Where there are threats of serious or irreversible damage, lack of full
1628 scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent
1629 environmental degradation.'

1630 Applying the precautionary principle means taking early action in situations where there is sufficient
1631 reason to expect serious or irreversible damage, in advance of complete scientific understanding or
1632 evidence, to prevent and mitigate potential negative impacts on people's health and the environment.

1633 While the precautionary principle is most often associated with the protection of the environment,
1634 it can be applied to other areas, such as health and safety. The organization can describe the areas
1635 where it applies the precautionary principle.

1636 **Guidance to RBC-2-b-i**

1637 If the policy commitment covers all internationally recognized human rights, a brief statement of this
1638 fact is sufficient to meet the requirement. The organization can also state if the policy commitment
1639 references certain rights that require particular attention. For example, it can state that its policy
1640 commitment covers all internationally recognized human rights and also references the rights to
1641 privacy and freedom of expression in particular because the organization has identified that its
1642 activities have an impact on these rights.

1643 If the policy commitment only covers some internationally recognized human rights, the organization
1644 is required to state the rights that are covered. In addition, it can explain why the policy
1645 commitment is limited to these rights.

1646 **Guidance to RBC-2-b-ii**

1647 Categories of stakeholders that the organization gives particular attention to can include consumers,
1648 customers, employees, local communities, and workers, among others. They can also include
1649 individuals belonging to groups or populations that are considered to be vulnerable or at risk, such
1650 as women; persons who might be discriminated against based on their sexual orientation, gender
1651 identity, gender expression, or sex characteristics (e.g., lesbian, gay, bisexual, transgender, intersex);
1652 indigenous peoples; national or ethnic, religious and linguistic minorities; children; persons with
1653 disabilities; migrant workers and their families; and/or human rights defenders.

1654 For example, a bank might give particular attention in its policy commitment to avoid discriminating
1655 against specific categories of customers, or a mining company might give particular attention to avoid
1656 infringing on the rights of indigenous peoples.

1657 **Guidance to RBC-2-d**

1658 The most senior level can differ between organizations. For example, the most senior level in an
1659 organization can be the highest governance body (e.g., the board), or it can be the most senior
1660 executive (e.g., Chief Executive Officer).

1661 The organization can also report the dates of adoption of the policy commitments (if different from
1662 the date of their approval), and how frequently they are reviewed.

1663 **Guidance to RBC-2-e**

1664 If the policy commitments apply to all of the organization's own activities and business relationships
1665 equally, a brief statement of this fact is sufficient to meet the requirement.

1666 If the policy commitments apply to only some of the organization's own activities (e.g., they apply
1667 only to entities located in certain countries, or to certain subsidiaries), the organization can report
1668 which of its activities the commitments apply to and explain why the commitments are limited to
1669 these activities.

1670 If the policy commitments stipulate expectations for only some of the organization's business
1671 relationships, the organization can specify the types of business relationships (e.g., distributors,
1672 franchisees, joint ventures, suppliers), and explain why the expectations are limited to these business
1673 relationships.

1674 When describing the organization's expectations of those with which it has business relationships,
1675 the organization can explain whether they are obligated to abide by the policy commitments or are
1676 encouraged (but not obligated) to do so.

1677 **Guidance to RBC-2-f**

1678 The organization can report:

- 1679 • whether the policy commitments need to be read, agreed to, and signed regularly by all
1680 workers, business partners, and other relevant parties, such as governance body members;
- 1681 • the means through which it communicates the policy commitments (e.g., newsletters, formal
1682 or informal meetings, dedicated websites, contractual agreements);
- 1683 • how it identifies and removes potential barriers to the communication or dissemination of
1684 the policy commitments (e.g., by making them accessible and available in relevant languages).

1685 **Disclosure RBC-3 Embedding the policy commitments throughout**
1686 **the organization**

1687 **Requirements**

1688 **The organization shall:**

- 1689 a. **describe how the organization embeds each of its policy commitments for**
1690 **responsible business conduct throughout its activities and business relationships,**
1691 **including:**

- 1692 i. **how the organization allocates responsibility for implementing the**
 1693 **commitments across different levels within the organization;**
- 1694 ii. **how the organization integrates the commitments into organizational**
 1695 **strategies and operational policies and procedures;**
- 1696 iii. **how the organization works with those with which it has business**
 1697 **relationships, to implement the commitments;**
- 1698 iv. **training that the organization provides on implementing the commitments.**

1699 **Guidance**

1700 **Background**

1701 This disclosure gives insight into how the organization embeds its policy commitments for
 1702 responsible business conduct, including the commitment to respect human rights, throughout its
 1703 activities and business relationships in order to ensure that people at all levels act responsibly and
 1704 with awareness of and respect for human rights.

1705 **Guidance to RBC-3-a-i**

1706 The different levels within an organization can include the highest governance body, senior
 1707 executives, and operational levels.

1708 The organization can report:

- 1709 • the most senior level with oversight of, or accountability for, the implementation of the
 1710 commitments;
- 1711 • the functions in the organization with day-to-day responsibility for implementing each of the
 1712 commitments (e.g., human resources with the responsibility for implementing the
 1713 commitment to respect the rights of workers), their reporting lines to senior decision-
 1714 making levels, and the reason for allocating the responsibility to them;
- 1715 • whether responsible business conduct is formally discussed at meetings of the highest
 1716 governance body or senior executives and, if so, which topics are discussed;
- 1717 • whether there are other formal or systematic means for discussions about responsible
 1718 business conduct between different levels or functions in the organization (e.g., a cross-
 1719 functional working group).

1720 **Guidance to RBC-3-a-ii**

1721 The organization can describe:

- 1722 • how it aligns the commitments with its:
 - 1723 – broader risk management systems and management policies;
 - 1724 – environmental and social impact or risk assessments and other due diligence processes;
 - 1725 – policies and procedures that set financial and other performance incentives for
 1726 management or workers;
- 1727 • how it applies the commitments when making decisions, such as about its sourcing and
 1728 operating locations;
- 1729 • the systems it uses for monitoring compliance with the commitments across its activities and
 1730 business relationships.

1731 **Guidance to RBC-3-a-iii**

1732 The organization can describe:

- 1733
- 1734
- its procurement or investment policies and practices, and its engagement with those with which it has business relationships, including:
 - 1735 – whether and how it applies pre-qualification processes, bidding criteria, or screening
 - 1736 criteria consistent with the expectations stipulated in the commitments;
 - 1737 – whether and how it considers the commitments in contracting or investment
 - 1738 agreements, or in specific policies or codes of conduct for suppliers;
 - 1739 – whether and how it considers the commitments in the process of determining whether
 - 1740 to initiate, continue, or terminate a business relationship;
 - processes through which it enables or supports business partners and other parties to implement the commitments (e.g., capacity building, peer sharing);
 - incentives that it offers to business partners and other parties to implement the commitments (e.g., price premiums, increased orders, or long-term contracts).

1745 **Guidance to RBC-3-a-iv**

1746 The organization can report:

- 1747
- the content of the training;
 - 1748 • to whom the training is provided, and whether it is mandatory;
 - 1749 • the form (e.g., in-person, online) and frequency of the training;
 - 1750 • examples of how the organization has determined that the training is effective.

1751 The organization can report whether the training covers how to implement the commitments in
1752 general or in specific situations (e.g., ensuring the commitment toward privacy when handling
1753 customers' personal data, or ensuring the commitments are considered in procurement practices).

1754 The organization can specify if training is provided to those with day-to-day responsibility for and
1755 those with oversight of, or accountability for, the implementation of the commitments, as well as to
1756 those with which the organization has business relationships (e.g., distributors, franchisees, joint
1757 ventures, suppliers). The organization can also report the number or percentage of individuals,
1758 business partners, and other parties that have been trained during the reporting period.

1759 **Disclosure RBC-4 Grievance mechanisms and other remediation**
1760 **processes**

1761 **Requirements**

1762 **The organization shall:**

- 1763
- 1764
- a. describe its commitments to provide for or cooperate in the remediation of negative impacts that it identifies to have caused or contributed to;**
 - 1765 **b. describe its approach to identify and address grievances, including:**
 - 1766 **i. the grievance mechanisms that the organization has established or**
1767 **participates in;**

- 1768 ii. **other processes by which the organization provides for or cooperates in the**
1769 **remediation of negative impacts that it identifies to have caused or**
1770 **contributed to;**
- 1771 c. **describe how the stakeholders who are the intended users of the grievance**
1772 **mechanisms and other remediation processes are involved in the design, review,**
1773 **operation, and improvement of these mechanisms and processes;**
- 1774 d. **describe how the organization tracks the effectiveness of the grievance**
1775 **mechanisms and other remediation processes and provide examples of their**
1776 **effectiveness, including stakeholder feedback.**

1777 **Guidance**

1778 **Background**

1779 This disclosure covers grievance mechanisms and other remediation processes that the organization
1780 has established or participates in. These mechanisms and processes enable stakeholders to raise
1781 concerns about impacts (actual and potential) that the organization has on them, including impacts
1782 on their human rights, and to seek remedy.

1783 The *UN Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational*
1784 *Enterprises* set out expectations for organizations to provide for or cooperate in the remediation,
1785 through legitimate processes, of negative impacts that they identify to have caused or contributed to,
1786 and to establish or participate in effective operational-level grievance mechanisms.

1787 Grievance mechanisms are distinct from whistleblower mechanisms. Whistleblower mechanisms
1788 enable individuals to raise concerns about wrongdoing or breaches of the law in the organization's
1789 operations or business relationships, regardless of whether the individuals themselves are harmed or
1790 not. Whistleblower mechanisms are to be reported under Disclosure RBC-5.

1791 **Guidance to RBC-4**

1792 This disclosure covers the operation of grievance mechanisms and other remediation processes that
1793 the organization has established or participates in. The disclosure does not cover environmental
1794 remediation processes, such as processes to remove contaminants from soil, when these are not
1795 connected to grievances raised by stakeholders. However, the remedy provided to stakeholders
1796 through the mechanisms and processes covered by this disclosure can involve environmental
1797 remediation.

1798 Examples where the organization has provided for or cooperated in the remediation of specific
1799 negative impacts through grievance mechanisms and other remediation processes, as well as
1800 environmental remediation processes, are to be reported under MT-3-b-ii in *GRI 103: Material*
1801 *Topics*.

1802 **Guidance to RBC-4-b-i**

1803 Grievance mechanisms refer to any routinized, State-based or non-State-based, judicial or non-
1804 judicial processes through which stakeholders can raise grievances and seek remedy.

1805 Examples of State-based grievance mechanisms, both judicial and non-judicial, include courts (for
1806 both criminal and civil actions), labor tribunals, national human rights institutions, National Contact
1807 Points under the *OECD Guidelines for Multinational Enterprises*, ombudsperson offices, consumer
1808 protection agencies, regulatory oversight bodies, and government-run complaints offices.

1809 Non-State-based grievance mechanisms include those administered by the organization either alone
1810 or together with stakeholders, such as operational-level grievance mechanisms. It also includes
1811 collective bargaining and the mechanisms established by collective bargaining, as well as mechanisms

1812 administered by industry associations, international organizations, civil society organizations, or
1813 multi-stakeholder groups.

1814 Operational-level grievance mechanisms are administered by the organization either alone or in
1815 collaboration with other parties and are directly accessible by the organization's stakeholders. They
1816 allow for grievances to be identified and addressed early and directly, thereby preventing both harm
1817 and grievances from escalating, and can provide important feedback on the effectiveness of the
1818 organization's due diligence from those who are directly affected.

1819 The organization can describe:

- 1820 • the intended purpose and users of the mechanisms (i.e., whether they are intended for a
1821 particular stakeholder category, topic, or region) and whether they enable users to raise
1822 human rights-related concerns. For example, the organization can explain that it has
1823 established a mechanism for community members to raise complaints about resettlement
1824 and a separate hotline for workers to raise concerns about issues affecting their rights, such
1825 as health and safety conditions;
- 1826 • how the mechanisms operate and who administers them (the organization and/or another
1827 party);
- 1828 • for operational-level grievance mechanisms, whether they are administered at the
1829 organizational level or at a lower level, such as at the site or project level, and in the latter
1830 case, how data from these mechanisms is centralized;
- 1831 • how the mechanisms have been designed and the principles and guidelines on which they are
1832 based, including whether they are designed to meet the effectiveness criteria set out in UN
1833 Guiding Principle 31;
- 1834 • the process through which grievances are investigated;
- 1835 • whether grievances are treated confidentially;
- 1836 • whether the mechanisms can be used by stakeholders anonymously through representation
1837 by a third party;
- 1838 • whether the organization requires or provides incentives for the creation or improvement
1839 of operational-level grievance mechanisms in workplaces of suppliers;
- 1840 • whether the organization provides a back-up process for workplaces of suppliers that do not
1841 have operational-level grievance mechanisms or where the existing grievance mechanisms in
1842 those workplaces result in unresolved issues.

1843 **Guidance to RBC-4-b-ii**

1844 RBC-4-b-ii covers remediation processes other than grievance mechanisms.

1845 Examples include a customer service desk where customers can raise complaints about
1846 discrimination or privacy issues and receive remedy, or instances where the organization takes
1847 action to remediate an actual impact evidenced in an impact assessment or a report published by a
1848 civil society organization.

1849 See Guidance to RBC-4-b-i for more information on how to report on other remediation processes.

1850 **Guidance to RBC-4-c**

1851 The organization can describe, for example, how it engages with stakeholders who are the intended
1852 users of the grievance mechanisms, to understand how they want to access the mechanisms to raise
1853 concerns and their expectations about how the mechanisms will operate.

1854 **Guidance to RBC-4-d**

1855 According to UN Guiding Principle 31, effective grievance mechanisms are legitimate, accessible,
1856 predictable, equitable, transparent, rights-compatible, and a source of continuous learning. In
1857 addition to these criteria, effective operational-level grievance mechanisms are also based on
1858 engagement and dialogue. It is acknowledged that it can be more difficult for the organization to
1859 assess the effectiveness of grievance mechanisms that it participates in compared to those it has
1860 established itself.

1861 The organization can report:

- 1862 • whether and how the intended users are informed about the grievance mechanisms and
1863 remediation processes and trained on how to use them;
- 1864 • the accessibility of the mechanisms and processes, such as the total number of hours per day
1865 or days per week that they are available and their availability in different languages;
- 1866 • how the organization seeks to ensure that users are treated with respect and protected
1867 against reprisals (i.e., non-retaliation for raising complaints or concerns);
- 1868 • how satisfied users are with the mechanisms and processes or the resulting outcomes, and
1869 how the organization assesses users' satisfaction;
- 1870 • the number and types of grievances filed during the reporting period, and the percentage of
1871 grievances that were addressed and resolved, including the percentage that were resolved
1872 through remediation;
- 1873 • the number of grievances filed during the reporting period that are repeated or recurring;
- 1874 • changes made to the mechanisms and processes in response to lessons learned about their
1875 effectiveness.

1876 Quantitative information, such as the number of grievances, is unlikely to be sufficient on its own.
1877 For example, a low number of grievances could indicate that few incidents have occurred, but it
1878 could equally signal that the mechanisms are not trusted by their intended users. For this reason,
1879 contextual information should be provided to aid in understanding and interpreting the quantitative
1880 information.

1881 **Disclosure RBC-5 Mechanisms for seeking advice and raising**
1882 **concerns**

1883 **Requirements**

1884 **The organization shall:**

- 1885 **a. describe the mechanisms for individuals to:**
 - 1886 **i. seek advice on implementing the organization's policies and practices for**
1887 **responsible business conduct;**
 - 1888 **ii. raise concerns about the organization's responsible business conduct.**

1889 **Guidance**

1890 **Background**

1891 This disclosure covers the organization's mechanisms for individuals to seek advice and to raise
1892 concerns about responsible business conduct in the operations of the organization and its business
1893 relationships. Examples of these mechanisms include confidential interviews during site visits,
1894 escalation processes (to raise issues through management levels), hotlines, mechanisms to report
1895 non-compliance with laws and regulations, and whistleblowing mechanisms.

1896 These mechanisms enable individuals to raise concerns about wrongdoing or breaches of the law in
1897 the organization's operations or business relationships, regardless of whether the individuals
1898 themselves are harmed or not. They are distinct from grievance mechanisms, which enable
1899 stakeholders to raise concerns about impacts (actual and potential) that the organization has on
1900 them, including impacts on their human rights, and to seek remedy. Grievance mechanisms are to be
1901 reported under Disclosure RBC-4.

1902 **Guidance to RBC-5**

1903 If the organization's grievance mechanisms and its mechanisms for seeking advice and raising
1904 concerns about responsible business conduct operate in a similar way, the organization can provide
1905 a single description of how these mechanisms operate and clearly state which mechanisms the
1906 description covers.

1907 **Guidance to RBC-5-a**

1908 The organization can report:

- 1909 • who the intended users of the mechanisms are;
- 1910 • how the mechanisms operate and which level or function in the organization is assigned
1911 responsibility for them;
- 1912 • whether the mechanisms operate independently of the organization (e.g., by a third party);
- 1913 • the process through which concerns are investigated;
- 1914 • whether requests for advice and concerns raised are treated confidentially;
- 1915 • whether the mechanisms can be used anonymously.

1916 Additionally, the organization can report on the effectiveness of the mechanisms, including:

- 1917 • whether and how the intended users are informed of the mechanisms and trained on how to
1918 use them;
- 1919 • the accessibility of the mechanisms, such as the total number of hours per day or days per
1920 week that they are available and their availability in different languages;
- 1921 • how the organization seeks to ensure users are treated with respect and protected against
1922 reprisals (i.e., non-retaliation for reporting concerns);
- 1923 • how satisfied users are with the mechanisms or the resulting outcomes;
- 1924 • the number and types of requests for advice received during the reporting period, and the
1925 percentage of requests that were answered;
- 1926 • the number and types of concerns raised during the reporting period, and the percentage of
1927 concerns that were addressed and resolved, or found to be unsubstantiated.

1928 Disclosure RBC-6 Compliance with laws and regulations

1929 Requirements

1930 The organization shall:

1931 a. report instances of non-compliance with laws or regulations for which significant
1932 fines or non-monetary sanctions were incurred during the reporting period,
1933 including:

1934 i. total monetary value of the significant fines incurred;

1935 ii. total number of significant fines and total number of non-monetary sanctions
1936 incurred;

1937 iii. the nature of each instance of non-compliance for which a significant fine or
1938 non-monetary sanction was incurred;

1939 b. report instances of non-compliance with laws or regulations raised through dispute
1940 resolution mechanisms during the reporting period, including the nature of each
1941 instance of non-compliance.

1942 Guidance

1943 Background

1944 This disclosure addresses all laws and regulations related to economic, environmental, and social
1945 matters that are applicable to the organization. These laws and regulations can be issued by a variety
1946 of bodies including governments (local, regional, and national), regulatory authorities, and public
1947 agencies.

1948 Laws and regulations include:

- 1949 • international declarations, conventions, and treaties;
- 1950 • national, subnational, regional, and local regulations;
- 1951 • binding voluntary agreements made with regulatory authorities and developed as a substitute
1952 for implementing a new regulation;
- 1953 • voluntary agreements (or covenants) if the organization directly joins the agreement, or if
1954 public agencies make the agreement applicable to organizations in their territory through
1955 legislation or regulation.

1956 Laws and regulations relating to economic and social matters include topics such as accounting and
1957 tax fraud, corruption, bribery, competition, the provision of products and services, or labor issues,
1958 such as workplace discrimination.

1959 Laws and regulations relating to environmental matters include topics such as biodiversity, emissions
1960 energy, material use, spills and leaks, waste, and water and effluents.

1961 Non-compliance with laws and regulations can give insight into the ability of management to ensure
1962 that the organization conforms to certain performance parameters. In some circumstances, non-
1963 compliance can lead to remediation obligations or liabilities other than fines, such as clean-up
1964 obligations in the case of environmental issues. The strength of an organization's compliance record
1965 can also influence its ability to gain permits and consequently to expand operations.

1966 **Guidance to RBC-6**

1967 Non-monetary sanctions can include restrictions imposed by governments, regulatory authorities, or
1968 public agencies, on the organization's activities or operations, such as withdrawal of trading licenses
1969 or licenses to operate in highly regulated industries.

1970 A fine or non-monetary sanction is significant if it could influence decision-making by information
1971 users making use of the organization's reported information. If the fine or non-monetary sanction is
1972 reported in the organization's audited consolidated financial statements or in the financial
1973 information filed on public record, it can be considered significant and is required to be reported
1974 under this disclosure.

1975 If the organization has not incurred any significant fines or non-monetary sanctions for non-
1976 compliance with laws or regulations, a brief statement of this fact is sufficient to meet the
1977 requirement.

1978 **Disclosure RBC-7 Membership associations**

1979 **Requirements**

1980 **The organization shall:**

1981 **a. report industry and other membership associations and national and international**
1982 **advocacy organizations in which it has a significant role.**

1983 **Guidance**

1984 **Guidance to RBC-7**

1985 The organization can have a significant role in an association or advocacy organization when it holds
1986 a position in the governance body, participates in projects or committees, provides substantive
1987 funding beyond routine membership dues, or views its membership as strategic to influencing the
1988 mission or objective of the association that is critical to the organization's own activities.

1989 6. Stakeholder engagement

1990 This section includes disclosures on the organization's stakeholder engagement practices, including
1991 how it engages in collective bargaining with employees.

1992 Disclosure SE-I Approach to stakeholder engagement

1993 Requirements

1994 The organization shall:

- 1995 a. describe its approach to engaging with stakeholders, including:
- 1996 i. the categories of stakeholders it engages with, and how they are identified;
- 1997 ii. the purpose of the stakeholder engagement;
- 1998 iii. how the organization seeks to ensure meaningful engagement with
1999 stakeholders.

2000 Guidance

2001 Guidance to SE-I

2002 Stakeholders are individuals or groups who have interests that are, or could be, affected by the
2003 organization's activities and decisions. For more information on stakeholders, see Section 2.4 of *GRI*
2004 *101: Using the GRI Standards*.

2005 This disclosure covers stakeholder engagement undertaken by the organization as part of its ongoing
2006 activities rather than for the purpose of sustainability reporting.

2007 Guidance to SE-I-a-i

2008 Common categories of stakeholders for organizations include business partners, civil society
2009 organizations, consumers, customers, employees and other workers, governments, local
2010 communities, non-governmental organizations, shareholders, suppliers, trade unions, and vulnerable
2011 groups.

2012 The organization can explain how it determines which categories of stakeholders to engage with and
2013 which categories not to engage with.

2014 Guidance to SE-I-a-ii

2015 The organization can report the types of activities and decisions for which it engages with
2016 stakeholders, for example, to identify actual and potential negative impacts, or to determine
2017 prevention and mitigation responses to potential negative impacts. In some cases, stakeholder
2018 engagement is a right in and of itself, for example, the right of workers to form or join trade unions
2019 or their right to bargain collectively.

2020 The organization can additionally report:

- 2021 • the type and frequency (e.g., annually, quarterly) of stakeholder engagement. For example,
2022 whether the engagements are ongoing (e.g., in the case of systemic issues) or whether they
2023 are specific engagements with particular groups or for particular operations or projects;

2024 • when the organization engages directly with stakeholders and when it engages with credible
2025 stakeholder representatives or proxy organizations, or other credible independent expert
2026 resources, and why;

2027 • whether stakeholder engagement activities take place at the organizational level or at a
2028 lower level, such as at the site or project level, and in the latter case, how data from
2029 stakeholder engagement activities is centralized;

2030 • the resources (e.g., financial or human resources) allocated to stakeholder engagement.

2031 Further information on stakeholder engagement undertaken for specific activities, for example, for
2032 the setup and operation of grievance mechanisms and other remediation processes, or for the
2033 identification and management of material topics and related impacts, is reported under other
2034 disclosures (RBC-4-d in this Standard, and MT-1-a-iii and MT-3-d in *GRI 103: Material Topics*).

2035 **Guidance to SE-1-a-iii**

2036 As stated in the *OECD Due Diligence Guidance for Responsible Business Conduct*, meaningful stakeholder
2037 engagement is characterized by two-way communication and depends on the good faith of
2038 participants on both sides. It is also responsive and ongoing, and includes engaging with relevant
2039 stakeholders before decisions are made.

2040 The organization can report:

2041 • how it takes into account potential barriers to stakeholder engagement (e.g., language and
2042 cultural differences, gender and power imbalances, divisions within a community or group);

2043 • how it engages with at-risk or vulnerable groups, such as whether it takes specific
2044 approaches and gives special attention to potential barriers;

2045 • how it provides stakeholders with information that is understandable and accessible through
2046 appropriate communication channels;

2047 • how stakeholder feedback is recorded and integrated into decision-making, and how
2048 stakeholders are informed about how their feedback has influenced decisions;

2049 • how it seeks to respect the human rights of all stakeholders engaged, such as their rights to
2050 privacy, freedom of expression, and peaceful assembly and protest;

2051 • how it works with business partners to engage with stakeholders in a meaningful way,
2052 including expectations it places on business partners to respect the rights of stakeholders
2053 during engagement.

2054 **Disclosure SE-2 Collective bargaining agreements**

2055 **Requirements**

2056 **The organization shall:**

2057 **a. report the percentage of total employees covered by collective bargaining**
2058 **agreements;**

2059 **b. for employees not covered by collective bargaining agreements, report whether it**
2060 **determines their working conditions and terms of employment based on its**
2061 **existing collective bargaining agreements that cover other employees or based on**
2062 **collective bargaining agreements from other organizations.**

2063 **Guidance**

2064 **Background**

2065 The right to collective bargaining is a fundamental right at work that is covered in the *ILO Right to*
2066 *Organise and Collective Bargaining Convention*.

2067 Collective bargaining refers to negotiations that take place between one or more employers or
2068 employers' organizations and one or more workers' organizations (trade unions). The objective of
2069 these negotiations is to reach a collective agreement on working conditions and terms of
2070 employment (e.g., wages and working time) or to regulate relations between employers and
2071 workers.¹ These negotiations are an important means through which organizations and trade unions
2072 can improve working conditions and labor relations.

2073 Collective agreements can be made at the level of the organization, at the level of a particular site,
2074 and/or at the industry level or at the national level in countries where this is the practice. Collective
2075 agreements can cover specific groups of workers, for example, those performing a specific activity or
2076 working at a specific location.

2077 See references 1, 2, 3, 4, 5, 9, 10, 24, 26, and 27 in the References section.

2078 **Guidance to SE-2-a**

2079 SE-2-a provides information on the proportion of the organization's employees whose working
2080 conditions and terms of employment (e.g., wages and working time) are regulated by one or more
2081 collective bargaining agreements. This can give insight into whether the organization respects its
2082 employees' rights to collective bargaining and freedom of association.

2083 This requirement does not ask for the percentage of employees belonging to trade unions, which
2084 might be a different number. The percentage of employees covered by collective bargaining
2085 agreements can be higher than the percentage of unionized employees when an organization is
2086 required to apply the collective bargaining agreements to both union and non-union members.
2087 Alternatively, the percentage of employees covered by collective bargaining agreements can be
2088 lower than the percentage of unionized employees when there are no collective bargaining
2089 agreements available or when the collective bargaining agreements do not cover all unionized
2090 employees.

2091 The percentage of total employees covered by collective bargaining agreements is calculated using
2092 the following formula:

$$2093 \frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Total number of employees reported under Disclosure ACT-2}} \times 100$$

2094 The employees covered by collective bargaining agreements are those employees to whom the
2095 organization is obliged to apply the agreement. If an employee is covered by more than one
2096 collective bargaining agreement, it only needs to be counted once.

2097 Employees who are represented by a works council are not included under SE-2-a, unless the works
2098 council engages in collective bargaining that results in a collective bargaining agreement.

2099 If none of the organization's employees are covered by collective bargaining agreements, a brief
2100 statement of this fact is sufficient to meet the requirement.

2101 The organization can additionally report the percentage of employees covered by collective
2102 bargaining agreements per region or country, or provide comparisons with industry benchmarks.

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

2103 **Guidance to SE-2-b**

2104 SE-2-b only applies to organizations where some or all employees are not covered by collective
2105 bargaining agreements. In these cases, the organization might determine the working conditions and
2106 terms of employment of these employees based on its existing collective bargaining agreements that
2107 cover other employees (as reported under SE-2-a) or based on collective bargaining agreements
2108 from other organizations. SE-2-b requires the organization to report if this is the case.

2109 If all the organization's employees are covered by collective bargaining agreements, the organization
2110 does not need to report the information in SE-2-b.

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2111 *References*

2112 The following documents informed the development of this Standard and can be helpful for
2113 understanding and applying it.

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2177 **GRI I03: Material Topics**

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

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

2193 1. Introduction

2194 *GRI 103: Material Topics* is to be used by the organization to identify and to report on its material
2195 topics. Material topics are topics that reflect the organization's most significant impacts on the
2196 economy, environment, and people, including impacts on human rights.

2197 An organization reporting in accordance with the GRI Standards is required to identify its material
2198 topics and to report all disclosures in this Standard, as set out in Section 3.1 of *GRI 101: Using the*
2199 *GRI Standards*.

2200 The organization is also required to use the GRI Sector Standard(s) that apply to its sector(s), where
2201 these are available, to identify its material topics. The Sector Standards provide information on the
2202 most likely material topics for organizations in a given sector. Using Sector Standards, however, is
2203 not a substitute for the organization's own process for identifying material topics.

2204 1.1 Overview of this Standard

2205 This Standard is structured as follows:

- 2206 • Section 2 includes guidance in four steps on how to identify material topics.
- 2207 • Section 3 contains three disclosures for the organization to report its material topics and
2208 related impacts, how it identifies its material topics, and how it manages each material topic.

2209 1.2 GRI Standards

2210 The GRI Standards help organizations increase their transparency and communicate their
2211 contribution to sustainable development. The GRI Standards are designed to be used by any
2212 organization – large or small, private or public, regardless of sector, location, and reporting
2213 experience. The Standards provide a consistent and credible way for organizations to report on
2214 their impacts, which in turn enhances the global comparability and quality of this information.

2215 The Standards provide a flexible framework for reporting. Organizations can either report on all
2216 their material topics in accordance with the GRI Standards, or they can use selected GRI Standards,
2217 or parts of their content, to report information with reference to the GRI Standards.

2218 Structure of the GRI Standards

2219 The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and
2220 Topic Standards.

2221 Universal Standards

2222 The three Universal Standards apply to all organizations reporting in accordance with the GRI
2223 Standards.

2224 ***GRI 101: Using the GRI Standards*** is the starting point for all organizations. It introduces the
2225 system of GRI Standards and explains how they are to be used.

2226 ***GRI 102: About the Organization*** contains disclosures for contextual information about the
2227 organization.

2228 ***GRI 103: Material Topics*** includes guidance for identifying material topics, and contains disclosures
2229 about the organization's material topics and how it identifies and manages them.

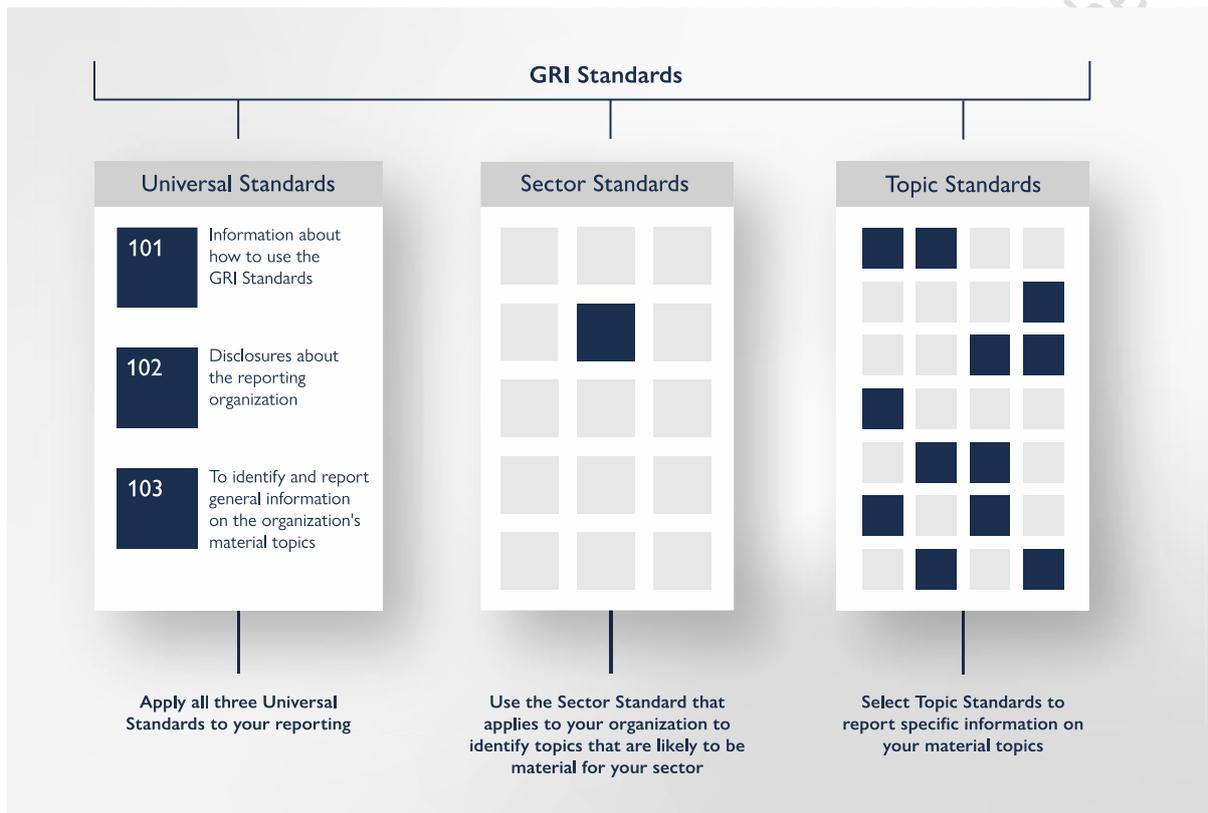
2230 **Sector Standards**

2231 The Sector Standards provide information on the most likely material topics for organizations in a
2232 given sector. The organization uses the applicable Sector Standard(s) to assist in identifying its
2233 material topics and what to report for each material topic.

2234 **Topic Standards**

2235 The Topic Standards include disclosures that provide information on particular topics. The
2236 organization selects and uses the Topic Standards that correspond to the material topics it has
2237 identified.

2238 **Figure I. GRI Standards: Universal, Sector, and Topic Standards**



2239 **1.3 Requirements, guidance, and defined terms**

2240 The following apply throughout the GRI Standards:

2241 **Requirements** are presented in bold font and indicated with the word 'shall'.

2242 As set out in Section 3.1 of *GRI 101: Using the GRI Standards*, information required by the disclosures
2243 in *GRI 103* cannot be omitted. All information required by the disclosures in *GRI 103* is considered
2244 critical for information users to understand the organization's approach to its material topics.

2245 If the organization is unable to report the required information about an item specified in a
2246 disclosure because the item, e.g., a policy, practice, or other process, does not exist, it can meet the
2247 requirement by reporting this to be the case. In such cases, the disclosure does not require the
2248 organization to implement the item, such as the process, but to report if it does not exist.

2249 For example, Disclosure MT-3 requires the organization to report its goals and targets for each
2250 material topic, among other items. If the organization does not have goals and targets for a material

- 2251 topic, then it is required to state this. This ensures transparency for information users and enables
2252 the organization to meet the requirement.
- 2253 If the organization is required to report information that it has previously reported, and the
2254 information has not changed during the reporting period (e.g., the organization is required to report
2255 information on a policy or process that has not changed since the previous reporting period), the
2256 organization can republish this information or provide a reference to the previously reported
2257 information.
- 2258 **Guidance** sections include background information, explanations, and examples to help
2259 organizations better understand the requirements.
- 2260 The guidance sections also include ‘should’ statements, which indicate recommendations, and ‘can’
2261 statements, which indicate a possibility or an option.
- 2262 The organization is not required to comply with guidance.
- 2263 **Defined terms** are underlined in the text of the GRI Standards and hyperlinked to their definitions
2264 in the Glossary. The organization is required to apply the definitions in the Glossary.

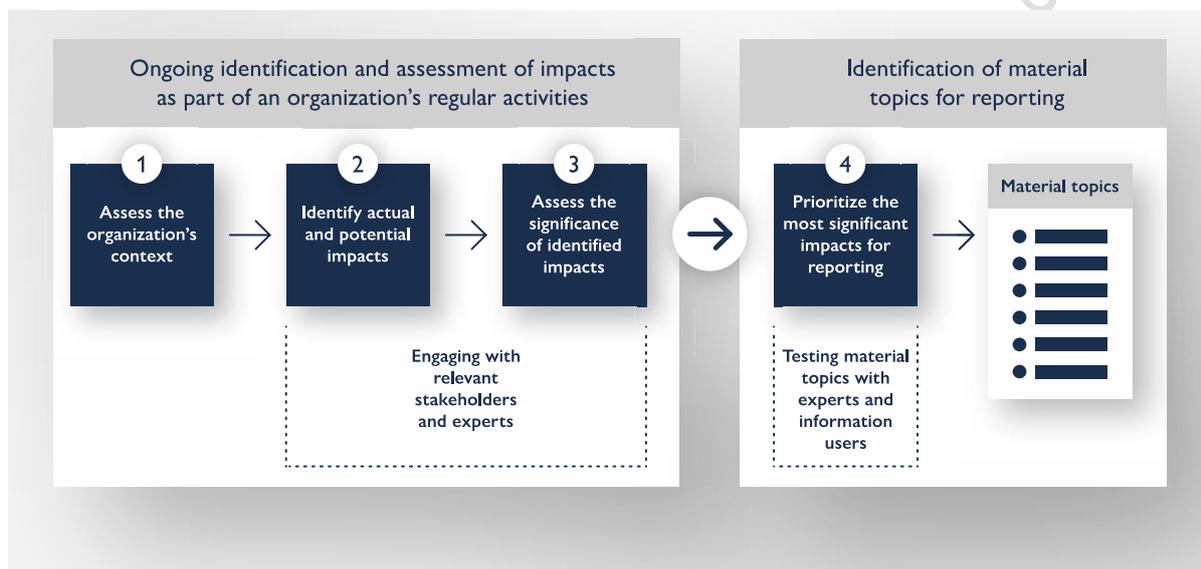
2265 2. Identifying material topics

2266 This section describes the steps that the organization should go through in order to identify its
2267 material topics; following these steps is not a requirement.

2268 The first three of these steps relate to the organization's ongoing identification and assessment of
2269 impacts as part of its regular activities in order to manage its impacts. These three steps in turn
2270 inform the last step, which is the identification of material topics for reporting.

2271 In subsequent reporting periods, the organization should review the previously identified material
2272 topics to account for changes in its activities and business relationships that lead to a change in its
2273 impacts. This helps to ensure the material topics are still representative of the organization's most
2274 significant impacts in each reporting period.

2275 **Figure 2. Steps for identifying material topics**



2276 The approach applied for each step will vary according to the specific circumstances of the
2277 organization, such as its business model; sector; geographic, cultural and legal operating context;
2278 ownership structure; and the nature of its impacts. Given these specific circumstances, the
2279 organization should use a systematic, replicable, and documented approach to identify its material
2280 topics. In particular, the organization should:

- 2281 • document the process for identifying its material topics, including the approach, assumptions,
2282 and decisions taken. Accurate records help the organization to fulfil relevant disclosures and
2283 to explain its chosen approach, and they facilitate analysis and assurance;
- 2284 • apply the steps to identify material topics consistently over time, and document any changes
2285 to the approach along with their implications;
- 2286 • be transparent about any subjective judgments it has made in the process to identify material
2287 topics.

2288 In addition, the highest governance body should oversee the process and approve the identified
2289 material topics.

2290 The next sections describe the four steps in more detail.

2291 Step I. Assess the organization's context

2292 This step involves the organization assessing its activities and business relationships and the context
2293 in which these take place. This provides the organization with critical information for identifying its
2294 actual and potential impacts.

2295 Relevant departments and functions within the organization can assist with assessing its activities and
2296 business relationship and their context, for example, communications, human resources, investor
2297 relations, legal and compliance department or functions, marketing and sales, procurement, and
2298 product development. The GRI Sector Standards also provide useful contextual information for the
2299 organization's sector(s).

2300 **Assessing activities**

2301 The organization should assess the following for its own activities:

- 2302 • The types of activities it carries out (e.g., sales, marketing, manufacturing, distribution) and
2303 the geographic locations of these activities.
- 2304 • The types of products and services it offers, and the markets served (i.e., the types of
2305 customers and beneficiaries targeted, and the geographic locations where products and
2306 services are offered).
- 2307 • The sector(s) in which the organization is active and the characteristics of the sector(s) (e.g.,
2308 whether it involves informal work, or is labor or resource intensive).
- 2309 • The number of employees, including their employment type (full-time or part-time),
2310 employment contract (permanent or temporary), and demographic characteristics (e.g.,
2311 gender, age, geographic location).
- 2312 • The number of workers who are not employees that perform work for the organization,
2313 including the types of worker (e.g., agency workers, contractors, self-employed persons,
2314 volunteers), their contractual relationship with the organization (whether the organization
2315 engages these workers directly or indirectly through a third party), and the nature of work
2316 they perform.

2317 **Assessing business relationships**

2318 The organization's business relationships include relationships with business partners, entities in its
2319 value chain (including entities beyond the first tier), and any other entities directly linked to its
2320 operations, products, or services. The organization should assess the following for its business
2321 relationships:

- 2322 • The types of business relationships it has (e.g., joint ventures, suppliers, franchisees).
- 2323 • The types of activities undertaken by these business relationships (e.g., manufacturing the
2324 organization's products, providing security services to the organization).
- 2325 • The nature of the business relationships (e.g., whether they are based on a long-term or
2326 short-term contract, or based on a specific project or event).
- 2327 • The geographic location of the business relationships.

2328 **Assessing context**

2329 The organization should assess the following in order to understand the context in which its
2330 activities and business relationships take place:

- 2331 • Economic conditions, societal issues, and environmental challenges at local, regional, and
2332 global levels related to the organization's sector(s) and the geographic locations of its

- 2333 activities and business relationships (e.g., poverty, political conflict, water security, climate
2334 change, lack of law enforcement).
- 2335 • The organization’s responsibility in relation to the international standards and agreements
2336 with which it is expected to comply; for example, the *International Bill of Human Rights*; the
2337 International Labour Organization (ILO), *Tripartite Declaration of Principles concerning*
2338 *Multinational Enterprises and Social Policy*; the Organisation for Economic Co-operation and
2339 Development (OECD), *OECD Guidelines for Multinational Enterprises*; or the United Nations
2340 (UN), *Guiding Principles on Business and Human Rights*.
 - 2341 • The organization’s responsibility in relation to the laws and regulations with which it is
2342 expected to comply.
 - 2343 • The organization’s vision and mission, strategy, business model, and policy commitments for
2344 responsible business conduct.

2345 Step 2. Identify actual and potential impacts

2346 This step involves the organization identifying its actual and potential, negative and positive impacts
2347 on the economy, environment, and people, including impacts on human rights, across its own
2348 activities and its business relationships.

2349 In order to identify its impacts accurately, the organization should seek to understand the concerns
2350 of stakeholders (see Box 1). The organization can also consult with internal experts as well as with
2351 external experts, such as civil society organizations or academics.

2352 Impacts may change over time as the organization’s activities and business relationships and their
2353 context evolve. For example, new activities or business relationships or major decisions or changes
2354 in operations or the operating context (e.g., new market entry, product launch, policy change, or
2355 wider changes to the organization) could lead to changes in the organization’s impacts. For this
2356 reason, the organization should identify its impacts on an ongoing basis.

2357 In situations where an organization has limited resources available for identifying its impacts, it
2358 should start by identifying its negative impacts, before moving onto identifying positive impacts.

2359 **Box 1. Engaging with relevant stakeholders and experts¹**

2360 The organization should seek to understand the concerns of its stakeholders by consulting them
2361 directly in a way that takes language and other potential barriers into account. Identifying and
2362 removing potential barriers to stakeholder engagement (e.g., language and cultural differences,
2363 gender and power imbalances, divisions within the community) is important to ensure that
2364 stakeholder engagement is effective. Engagement with at-risk or vulnerable groups might call for
2365 specific approaches and special attention, such as approaches that remove social barriers limiting the
2366 participation of women in public fora, or approaches that remove the physical barriers preventing
2367 remotely located communities from attending a meeting.

2368 The organization should respect the human rights of all stakeholders and other individuals it engages
2369 with (e.g., their rights to privacy, freedom of expression, and peaceful assembly and protest).

2370 In situations that involve many stakeholders or involve certain types of impact that result in
2371 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.

2372 of corruption, which collectively harms the populations of the jurisdiction in which it takes place, or
2373 greenhouse gas (GHG) emissions, which contribute to collective, transboundary harm. In these
2374 cases, the organization may engage with credible stakeholder representatives or proxy organizations
2375 (e.g., non-governmental organizations, representative public bodies). This is also relevant in
2376 situations where engaging with individuals could undermine certain rights or collective interests. For
2377 example, when considering a decision to restructure or shut down a factory, it may be important for
2378 the organization to engage with trade unions to mitigate the employment impacts of the decision.
2379 This is because in this situation, engaging with individual workers could undermine the right of
2380 workers to form or join trade unions and to bargain collectively.

2381 The degree of impact on stakeholders may inform the degree of engagement. The organization can
2382 prioritize the most severely affected or potentially affected stakeholders for engagement.

2383 Where direct consultation is not possible, the organization should consider reasonable alternatives,
2384 for example, consulting credible independent experts, such as national human rights institutions,
2385 human rights and environmental defenders, trade unions, and other members of civil society.

2386 **Identifying negative impacts**

2387 The guidance in this section on identifying negative impacts is based on the *UN Guiding Principles on*
2388 *Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, and the *OECD Due*
2389 *Diligence Guidance for Responsible Business Conduct*.

2390 Identifying the actual and potential negative impacts with which the organization is or could be
2391 involved is the first step of due diligence. The organization should consider actual and potential
2392 impacts it causes or contributes to through its own activities, as well as those that are directly linked
2393 to its operations, products, or services by its business relationships (see Box 2).

2394 To identify its actual and potential negative impacts, the organization can use information from
2395 diverse sources. It can use its own or third-party environmental, socio-economic, and human rights
2396 impact assessments, legal reviews, anti-corruption compliance management systems, financial audits,
2397 occupational health and safety inspections, and any other relevant assessments of its business
2398 relationships. It can use grievance mechanisms that it has established itself or that have been
2399 established by other organizations. It can also use information from external sources, such as news
2400 organizations and civil society organizations.

2401 In some cases, the organization might be unable to identify actual and potential negative impacts
2402 across all its activities and business relationships, for example, because it has diverse or multiple
2403 global operations or because its value chain comprises a large number of entities. In these cases, the
2404 organization may carry out an initial assessment or scoping exercise to identify general areas across
2405 its activities and business relationships where negative impacts are most likely to be present and
2406 significant. The organization can then identify and assess specific actual and potential negative impacts
2407 for these areas.

2408 As part of this initial assessment or scoping exercise, the organization can consider sector-specific,
2409 product-specific, geographic-level, and enterprise-level impacts, as well as other impacts it has faced
2410 or knows it is likely to face. The GRI Sector Standards identify impacts that are most likely to be
2411 present and significant for organizations in a given sector. The organization can also use the *OECD*
2412 *Due Diligence Guidance for Responsible Business Conduct* and the OECD sector-specific due diligence
2413 guidance for information on sector-specific, product-specific, geographic-level, and enterprise-level
2414 impacts, as well as reports from governments, environmental agencies, international organizations,
2415 civil society organizations, workers' representatives and trade unions, national human rights
2416 institutions, media, or other experts.

2417 **Box 2. Causing, contributing or being directly linked to negative impacts²**

2418 An organization **'causes'** a negative impact if its activities on their own result in the impact. For
2419 example, if the organization pays a bribe to a foreign public official, or if it withdraws water from a
2420 water-stressed aquifer without replenishing the water level.

2421 An organization **'contributes to'** a negative impact if its activities cause, facilitate, or incentivize
2422 another entity to cause the impact. An organization can also contribute to a negative impact if its
2423 activities in combination with the activities of other entities cause the impact. For example, if the
2424 organization sets a short lead time for a supplier to deliver a product, despite knowing from past
2425 experience that this production time is not feasible, this could contribute to excessive overtime for
2426 the supplier's workers. In this case, the organization could contribute to negative impacts on the
2427 health and safety of these workers.

2428 An organization can cause or contribute to a negative impact through its actions as well as its failure
2429 to take action (e.g., failure to prevent or mitigate a negative impact that the organization could have
2430 foreseen).

2431 Even if an organization does not cause or contribute to a negative impact, its operations, products,
2432 or services could be connected to a negative impact of a business relationship. In this case, the
2433 organization's operations, products, or services are **'directly linked to'** a negative impact by its
2434 business relationship. For example, if the organization sources and uses cobalt in its products that is
2435 mined using child labor, the negative impact (i.e., child labor) is directly linked to the organization's
2436 products through the tiers of business relationships in its supply chain (i.e., with the smelter,
2437 minerals trader, or mining enterprise that uses child labor), even though the organization has not
2438 caused or contributed to the negative impact itself.

2439 The way an organization is involved with negative impacts is important for determining how the
2440 organization should address an impact and whether it has a responsibility to provide for or
2441 cooperate in its remediation (see Section 2.3 of *GRI 101: Using the GRI Standards*).

2442 **Identifying positive impacts**

2443 To identify its actual and potential positive impacts, the organization should assess the manner in
2444 which it contributes or could contribute to sustainable development through its own activities, for
2445 example, through its products, services, investments, procurement practices, as an employer, or as a
2446 taxpayer.

2447 Examples of positive impacts could be an organization adopting measures that lower the cost of
2448 renewable energy for customers, or choosing an area with high unemployment to open a new facility
2449 so that it can hire and train unemployed members of the local community.

2450 The organization should consider any negative impacts that could result from activities that aim for a
2451 positive contribution to sustainable development. Negative impacts cannot be offset by other
2452 positive impacts. For example, a renewable energy installation might reduce a region's dependence
2453 on fossil fuels and bring energy to underserved communities. But if it displaces local indigenous
2454 communities from their historical and cultural lands without their consent, this negative impact
2455 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.

2456 Step 3. Assess the significance of identified impacts

2457 The organization might identify many actual and potential impacts. This step involves the
2458 organization assessing the significance of its identified impacts to prioritize them for action and also
2459 to prioritize them for reporting in Step 4. How significant an impact is will be specific to the
2460 organization, and will be influenced by its sector(s), and business relationships, among other factors.
2461 In some instances, this can necessitate a subjective decision. Therefore, the organization should
2462 consult with relevant stakeholders (see Box 1) and business relationships on how to determine the
2463 significance of its identified impacts. The organization can also consult relevant internal or external
2464 experts as needed.

2465 **Assessing the significance of negative impacts**

2466 The guidance in this section on assessing the significance of negative impacts is based on the UN
2467 *Guiding Principles on Business and Human Rights*, the *OECD Guidelines for Multinational Enterprises*, and
2468 the *OECD Due Diligence Guidance for Responsible Business Conduct*.

2469 The significance of an actual negative impact is assessed by considering its severity. The significance
2470 of a potential negative impact is assessed by considering its severity as well as its likelihood.

2471 Severity

2472 The severity of an actual or potential negative impact is determined by the following characteristics:

- 2473 • Scale: how grave the impact is.
- 2474 • Scope: how widespread the impact is, for example, the number of individuals affected or the
2475 extent of environmental damage.
- 2476 • Irremediable character: how hard it is to counteract or make good the resulting harm.

2477 The scale of a negative impact (i.e., how grave the impact is) can depend on whether the impact
2478 leads to non-compliance with the laws and regulations or with the international standards and
2479 agreements with which the organization is expected to comply. For example, if a negative impact
2480 leads to a violation of human rights or fundamental rights at work, or non-compliance with the
2481 reductions in GHG emissions to be achieved under the Paris Agreement, the scale of this impact can
2482 be considered greater.

2483 The scale of a negative impact can also depend on the context in which the impact takes place. For
2484 example, the scale of the impact of an organization's water withdrawal can depend on the area from
2485 where water is withdrawn. The scale will be greater if water is withdrawn from an area affected by
2486 water stress, compared to an area that has abundant water resources to meet the demands of
2487 ecosystems and other water users.

2488 Any of the three characteristics (scale, scope, and irremediable character) can make an impact
2489 severe. Although it is often the case that these characteristics are interdependent: the greater the
2490 scale or the scope of an impact, the less remediable it is.

2491 The severity – and thereby the significance – of an impact are not absolute concepts; the severity of
2492 an impact should be assessed relative to the other impacts the organization has identified. For
2493 example, the organization should compare the severity of the impacts of its greenhouse gas (GHG)
2494 emissions against the severity of its other identified impacts. The organization should not assess the
2495 significance of its GHG emissions relative to global GHG emission levels, as that comparison could
2496 lead to the conclusion that the organization's emissions are not significant.

2497 Likelihood

2498 The likelihood of a potential negative impact refers to the chance of the impact happening. The
2499 likelihood of an impact can be measured or determined qualitatively or quantitatively, and can be

2500 described using general terms (e.g., very likely, likely) or mathematically (using a probability, e.g., 10
2501 in 100 or 10%, or a frequency over a given time period, e.g., once every three years).³

2502 Negative human rights impacts

2503 In the case of potential negative human rights impacts, the severity of the impact takes precedence
2504 over its likelihood. For example, a nuclear power facility may prioritize the potential impact related
2505 to loss of life in cases of natural disasters, even though natural disasters are less likely to occur than
2506 other incidents at the facility.

2507 The severity of a negative human rights impact is not limited to physical harm. Any human right can
2508 be subject to severe impacts. For example, interfering with, damaging, or destroying a sacred space
2509 without consultation or agreement with the people who use the space can have a severe impact on
2510 people's cultural rights.

2511 **Assessing the significance of positive impacts**

2512 The significance of an actual positive impact is assessed by considering its scale and scope. The
2513 significance of a potential positive impact is assessed by considering its scale and scope on the one
2514 hand, and its likelihood on the other.

2515 Scale and scope

2516 In the case of positive impacts, the scale of an impact refers to how beneficial the impact is or would
2517 be, and the scope refers to how widespread the impact is or would be, for example, the number of
2518 individuals or the extent of environmental resources that are or would be positively affected.

2519 Likelihood

2520 The likelihood of a potential positive impact refers to the chance of the impact happening. The
2521 likelihood of an impact can be measured or determined qualitatively or quantitatively, and can be
2522 described using general terms (e.g., very likely, likely) or mathematically (using a probability, e.g., 10
2523 in 100 or 10%, or a frequency over a given time period, e.g., once every three years).⁴

2524 **Step 4. Prioritize the most significant impacts for reporting**

2525 This step involves the organization prioritizing its impacts based on their significance, to identify
2526 material topics for reporting.

2527 **Setting a threshold to determine which topics are material to report**

2528 The significance of an impact is assessed relative to the other impacts the organization has identified.
2529 The organization should arrange the identified impacts from most to least significant, and define a
2530 cut-off point or threshold to determine which of the impacts it will focus its reporting on. The
2531 organization should document the threshold and criteria used when identifying material topics. To
2532 facilitate prioritization, the organization should group the identified impacts into topics (see Box 3).

2533 The significance of an impact is the sole criterion for determining whether a topic is material to
2534 report on. The organization cannot use difficulty in reporting on a topic or the fact that it does not
2535 yet manage the topic as the basis for determining whether or not to report on that topic. In cases
2536 where the organization does not manage a material topic and related impacts, the organization is
2537 required to report the reasons for not doing so or any plans to manage the topic under Disclosure
2538 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.

2539 While some topics can cover both negative and positive impacts, the organization may prioritize
2540 negative impacts separately from positive impacts, as negative impacts need to be discussed
2541 independently and cannot be offset by positive impacts.

2542 Even if the organization has not prioritized an actual and potential negative impact for reporting, the
2543 organization still has a responsibility to understand how to address the impact in line with the
2544 applicable laws, regulations, or internationally recognized instruments (see Section 2.3 of *GRI 101:
2545 Using the GRI Standards* for more information).

2546 **Box 3. Grouping impacts into topics**

2547 The organization can group impacts into topics according to general categories of impacts that relate
2548 to a business activity, a stakeholder category, a type of business relationship, or an economic or
2549 environmental resource. For example, if an organization identifies water pollution as one potential
2550 negative impact of its activities, and the reduced access of local communities to safe drinking water
2551 as another potential negative impact, it can group these impacts under the topic of 'water and
2552 effluents'. The organization can refer to the topic names included in the GRI Topic Standards and the
2553 GRI Sector Standard(s) that apply to its sector(s).

2554 **Testing the material topics with information users and experts**

2555 The organization can test its selection of material topics with potential information users and
2556 experts who understand the organization or its sector(s) and have insight into one or more of the
2557 material topics identified. Examples of experts the organization can consult include non-
2558 governmental organizations, academics, consultants, lawyers, and investors.

2559 **Approval of material topics by highest governance body**

2560 The organization's highest governance body should approve the identified material topics.

2561 **Determining what to report for each material topic**

2562 Once the organization has identified its material topics, it needs to determine what to report for
2563 each material topic. See Requirements A-4 and A-5 in Section 3.1 of *GRI 101: Using the GRI Standards*
2564 for information on how to report on material topics.

2565 3. Reporting on material topics

2566 The disclosures in this section provide information about how the organization has identified its
2567 material topics, the material topics and related impacts identified, and how it manages each material
2568 topic. Material topics are topics that reflect the organization's most significant impacts on the
2569 economy, environment, and people, including impacts on human rights. Section 2 of this Standard
2570 provides guidance on identifying material topics, which help understand these disclosures.

2571 Disclosure MT-1 Identification of material topics and related impacts

2572 Requirements

2573 The organization shall:

2574 a. report how it has identified its material topics, including:

2575 i. how it has identified actual and potential, negative and positive impacts on
2576 the economy, environment, and people, including impacts on human rights,
2577 across its own activities and business relationships;

2578 ii. how it has prioritized impacts for reporting based on their significance;

2579 iii. the stakeholders and experts whose views have informed the identification of
2580 material topics;

2581 b. report changes in the material topics compared to the previous reporting period.

2582 Guidance

2583 Guidance to MT-1

2584 This disclosure covers how the organization has identified its material topics and related impacts.
2585 The material topics and related impacts that the organization has identified are reported under
2586 Disclosure MT-2.

2587 Guidance to MT-1-a-i

2588 The organization should describe the methods it has used to identify its impacts, for example,
2589 environmental, socio-economic, and human rights impact assessments, grievance mechanisms, or
2590 information from external sources, such as civil society organizations.

2591 Guidance to MT-1-a-ii

2592 The organization should describe how it has assessed the significance of the impacts identified. The
2593 significance of a negative impact is assessed based on its severity (scale, scope, and irremediable
2594 character) and likelihood. In the case of potential negative human rights impacts, the severity of the
2595 impact takes precedence over its likelihood. The significance of a positive impact is assessed based
2596 on its scale, scope, and likelihood. See Section 2 of this Standard for more guidance.

2597 The organization should also describe how it has defined the threshold to determine which topics
2598 are material to report, and whether it has tested its selection of material topics with potential
2599 information users and experts.

2600 **Guidance to MT-I-a-i and MT-I-a-ii**

2601 The organization should describe how it has considered sector-specific, product-specific, and
2602 geographic-level impacts when identifying its material topics. The organization should also explain
2603 whether and why it does not report on some of these impacts as part of its material topics; for
2604 example, because the specific impact was assessed to be absent or because the impact was not
2605 among the most significant to report on. Reporting this information indicates whether the
2606 organization recognizes sector-specific, product-specific, and geographic-level impacts, and provides
2607 information users with adequate contextual information to assess the organization's selection of
2608 material topics.

2609 For example, an oil and gas project often requires land for its operations, access routes,
2610 and distribution. This can lead to impacts such as involuntary resettlement of local communities,
2611 which can involve their physical displacement as well as economic displacement such as loss of
2612 access to resources. An organization undertaking an oil and gas project would need to consider, in
2613 the early stages of due diligence, whether the project could result in involuntary resettlement of
2614 communities. If the project does not result in involuntary resettlement of communities, the
2615 organization should still report why this topic, which is commonly associated with the oil and gas
2616 sector, was not identified as material to report, to make clear that the topic was not overlooked.

2617 See section 2 of this Standard and the GRI Sector Standards for guidance on sector-specific,
2618 product-specific, and geographic-level impacts.

2619 **Guidance to MT-I-b**

2620 The organization should explain why a topic that was identified as material in the previous reporting
2621 period is deemed to no longer be material or why a new topic has been identified as material.

2622 Disclosure MT-2 Material topics and related impacts

2623 Requirements

2624 The organization shall:

2625 a. report the **material topics** it has identified;

2626 b. for each material topic:

2627 i. describe the actual and potential, negative and/or positive **impacts** identified
2628 on the economy, environment, and people, including impacts on human
2629 rights;

2630 ii. report whether the organization is involved with the negative impacts
2631 through its own activities or as a result of its **business relationships**.

2632 Guidance

2633 **Guidance to MT-2**

2634 This disclosure covers the material topics and related impacts identified by the organization. How
2635 the organization has identified its material topics is reported under Disclosure MT-1.

2636 An organization reporting in accordance with the GRI Standards is required to include the material
2637 topics reported under this disclosure in the GRI content index (see Requirement A-6 in Section 3.1
2638 of *GRI 101: Using the GRI Standards*).

2639 **Guidance to MT-2-a**

2640 The organization can group material topics by relevant categories if this helps communicate its
2641 impacts better. Examples of categories include negative human rights impacts, impacts in the supply
2642 chain, or impacts on the environment.

2643 **Guidance to MT-2-b**

2644 MT-2-b provides contextual information to understand how the organization manages each material
2645 topic and related impacts (reported under Disclosure MT-3). MT-2-b does not require a detailed
2646 description of impacts or a detailed explanation of how the organization is involved with each
2647 negative impact; the organization can provide a high-level description of the impacts it has identified.

2648 **Guidance to MT-2-b-i**

2649 MT-2-b-i covers impacts related to each material topic. It enables the organization to indicate if a
2650 topic is material because of negative impacts, positive impacts, or both.

2651 Describing negative impacts

2652 The organization can describe:

- 2653 • whether the impacts are systemic (e.g., child labor or forced labor in countries where the
2654 organization operates or sources inputs from) or are related to individual incidents (e.g., an
2655 oil spill);
- 2656 • the stakeholders (without identifying specific individuals) or environmental resources that
2657 are affected or could potentially be affected, and their geographic location.

2658 Reporting on negative impacts can help the organization demonstrate that it recognizes these
2659 impacts and that it has taken action or intends to take action to address them. The organization

2660 might have concerns about reporting on negative impacts even if these impacts are already publicly
2661 known. In fact, where negative impacts are publicly known, failure to acknowledge these impacts and
2662 explain how they are being addressed could have consequences for the organization (e.g.,
2663 reputationally, financially, operationally). If the organization is unable to disclose specific information
2664 (e.g., because that could affect the right to privacy of stakeholders), it can provide the information in
2665 aggregated or anonymized form, or it can describe sector-specific, product-specific, or geographic-
2666 level impacts.

2667 Describing positive impacts

2668 The organization can describe:

- 2669 • the activities that result in the positive impacts (e.g., products, services, investments,
2670 procurement practices);
- 2671 • the stakeholders or environmental resources that are benefitted or could potentially be
2672 benefitted, and their geographic location.

2673 **Guidance to MT-2-b-ii**

2674 The way an organization is involved with negative impacts is important for determining the
2675 organization's responsibility toward addressing the impacts (see Section 2.3 of *GRI 101: Using the GRI*
2676 *Standards*). MT-2-b-ii therefore provides contextual information for understanding the actions taken
2677 to manage negative impacts (reported under Disclosure MT-3).

2678 MT-2-b-ii requires the organization to report whether it is involved with the negative impacts
2679 through its own activities or as a result of its business relationships. Where possible, the
2680 organization should also report whether it is or could be causing or contributing to the negative
2681 impacts through its own activities, or whether the impacts are or could be directly linked to its
2682 operations, products, or services by its business relationships even if it has not contributed to them.
2683 See Box 2 in Section 2 of this Standard for more information.

2684 The organization can also report the types of activities (e.g., manufacturing, retail) or types of
2685 business relationships (e.g., suppliers of raw materials, franchisees) involved with the identified
2686 negative impacts, their position in the value chain, and their geographic location.

2687 Disclosure MT-3 Management of material topics and related impacts

2688 Requirements

2689 For each material topic reported under Disclosure MT-2, the organization shall:

- 2690 a. describe its policies or commitments for the topic;
- 2691 b. describe actions taken to manage the topic and related impacts, in particular:
 - 2692 i. actions taken to prevent or mitigate potential negative impacts;
 - 2693 ii. actions taken to address actual negative impacts, including actions to provide
2694 for or cooperate in their remediation;
 - 2695 c. report the following information about the effectiveness of the actions taken:
 - 2696 i. processes used to track the effectiveness of the actions taken;
 - 2697 ii. goals, targets, and indicators used to evaluate progress;
 - 2698 iii. evidence of the extent to which the actions taken have been effective,
2699 including progress toward the goals and targets;
 - 2700 iv. lessons learned and how these have been incorporated into the
2701 organization's operational policies and procedures;
 - 2702 d. describe how engagement with stakeholders has informed the actions taken (MT-3-
2703 b) and whether the actions taken have been effective (MT-3-c);
 - 2704 e. if the organization does not manage a material topic, explain the reason for not
2705 managing the topic or describe any plans to manage it.

2706 Guidance

2707 Guidance to MT-3

2708 This disclosure enables the organization to explain how it manages each of its identified material
2709 topics and related impacts.

2710 The requirements in this disclosure apply to every material topic. An organization preparing a report
2711 in accordance with the GRI Standards is required to report this disclosure for each of its identified
2712 material topics.

2713 Besides this disclosure, the Topic Standards and Sector Standards can also contain disclosures and
2714 guidance for reporting how the organization manages a topic. For example, some Topic Standards
2715 contain disclosures about specific actions or methods to manage impacts for a topic. The
2716 organization does not need to repeat this information under Disclosure MT-3 if it is already
2717 reported under another disclosure. The organization can report this information once and provide a
2718 reference to this information to fulfill the corresponding MT-3 requirements.

2719 If the organization's approach to managing a material topic, such as its policies or actions taken,
2720 applies to other material topics, the organization does not need to repeat this information for each
2721 topic. The organization can report this information once, with a clear explanation of all the topics it
2722 covers.

2723 **Guidance to MT-3-a**

2724 Disclosures RBC-2 and RBC-3 in *GRI 102: About the Organization* provide guidance on how to report
2725 on policies. If the organization's policies for a material topic have been described under Disclosures
2726 RBC-2 and RBC-3, the organization can provide a reference to this information under MT-3-a and
2727 does not need to repeat the information.

2728 When reporting on commitments, the organization should provide a statement of intent to manage
2729 the topic and related impacts, or explain the following:

- 2730 • The organization's stance on the topic.
- 2731 • Whether the commitment to manage the topic is based on regulatory compliance or
2732 extends beyond it.
- 2733 • Compliance with international standards related to the topic.

2734 **Guidance to MT-3-b**

2735 MT-3-b provides information to understand how the organization responds to its identified impacts.
2736 MT-3-b does not require a detailed description of actions taken in relation to each impact; the
2737 organization can provide examples to show how it manages its impacts.

2738 The organization should include information on how it integrates the findings from its identification
2739 and assessment of impacts across relevant internal functions and processes, including:

- 2740 • the level and function within the organization that has been assigned responsibility for
2741 managing the impacts;
- 2742 • the internal decision-making, budget allocation, and oversight processes to enable effective
2743 actions to manage the impacts.

2744 **Guidance to MT-3-b-i**

2745 The organization should report:

- 2746 • examples of actions taken to prevent or mitigate potential negative impacts (e.g.,
2747 adaptation/modification measures, facility upgrading, training, red-flag systems);
- 2748 • approaches taken to prevent or mitigate systemic negative impacts;
- 2749 • how the organization applies the precautionary principle, including:
 - 2750 – how the organization proactively informs the public about potential negative impacts of
2751 its activities, products, and services, and how it deals with related questions and
2752 complaints;
 - 2753 – the organization's support or contribution to scientific research related to evaluating
2754 potential negative impacts of its activities, products, and services;
 - 2755 – the organization's participation in collaborative efforts to share knowledge and to
2756 prevent negative impacts of its activities, products, and services;
- 2757 • how the organization uses or increases its leverage to prompt its business relationships to
2758 prevent or mitigate potential negative impacts. For example, the organization can use or
2759 increase its leverage by enforcing contractual requirements, implementing incentives (such as
2760 future orders), providing training and support, or actively collaborating with other actors to
2761 motivate its business relationships to prevent or mitigate potential negative impacts;
- 2762 • whether the organization has terminated a business relationship because it lacks the leverage
2763 to prevent or mitigate potential negative impacts, and whether it has assessed if terminating
2764 the relationship could itself result in negative impacts.

2765 See Guidance to RBC-2-a-iii in *GRI 102: About the Organization* for more information on
2766 'precautionary principle'.

2767 **Guidance to MT-3-b-ii**

2768 The organization should report:

- 2769
- examples of specific actions taken to remediate actual negative impacts, including examples of specific remedies or types of remedy provided;
- 2770
- 2771
- how the grievance mechanisms or other remediation processes (reported under Disclosure RBC-5 in *GRI 102: About the Organization*) have made it possible for actual negative impacts to be remediated.
- 2772
- 2773

2774 See Disclosure RBC-5 for more information on grievance mechanisms and other remediation
2775 processes.

2776 **Guidance to MT-3-c-i**

2777 Tracking the effectiveness of actions taken is necessary for an organization to know if its policies and
2778 processes are being implemented optimally, to learn whether it has responded effectively to the
2779 impacts identified, and to drive continuous improvement.

2780 The processes used to track the effectiveness of actions taken can include internal or external
2781 auditing or verification, impact assessments, measurement systems, stakeholder feedback, grievance
2782 mechanisms, external performance ratings, and benchmarking.

2783 **Guidance to MT-3-c-ii**

2784 When reporting on goals and targets, the organization should report:

- 2785
- how the goals and targets are set;
- 2786
- whether and how the goals and targets take into account the context in which the impacts take place and are informed by expectations in internationally recognized instruments and, where relevant, by scientific consensus;
- 2787
- 2788
- whether goals and targets are mandatory (based on legislation) or voluntary. If they are mandatory, the organization can list the relevant legislation;
- 2789
- 2790
- the organization's activities or business relationships to which the goals and targets apply;
- 2791
- the baseline for the goals and targets;
- 2792
- the timeline for achieving the goals and targets.
- 2793

2794 Targets can be qualitative, e.g., the implementation of a management system by a certain date, or
2795 quantitative, e.g., reducing GHG emissions by a certain percentage by a certain date.

2796 The indicators used to evaluate progress can also be qualitative or quantitative. Quantitative
2797 indicators can bring precision and enable comparisons. Qualitative information is often needed to
2798 put quantitative information into context, enable its interpretation, and determine which
2799 comparisons and conclusions are likely to be most valid. The Topic Standards include qualitative and
2800 quantitative indicators.

2801 **Guidance to MT-3-c-iii**

2802 The organization should report examples supported by evidence of the extent to which specific
2803 actions taken have been effective. The evidence provided should show that there is a credible link
2804 between the specific action taken by the organization and the effective management of the impacts.
2805 For example, to show the effectiveness of capacity building provided to certain suppliers on
2806 improving working conditions, the organization can report survey feedback from the suppliers'

2807 workers showing that working conditions have improved, together with data showing a decrease in
2808 the number of incidents identified through independent audits.

2809 Similarly, to show the effectiveness of its actions to improve the quality of water discharged, the
2810 organization can report data showing a decrease in the concentration of total dissolved solids (mg/L)
2811 in its water discharge.

2812 When reporting progress toward the goals and targets, the organization should report whether
2813 progress is satisfactory or not. If a goal or target has not been achieved, the organization should
2814 explain why.

2815 **Guidance to MT-3-c-iv**

2816 Managing impacts is typically an ongoing challenge requiring continuous improvement based on
2817 learning.

2818 MT-3-c-iv does not require a detailed description of lessons learned in relation to each material
2819 topic; the organization can provide examples to show how it incorporates lessons learned.

2820 For instance, the organization can provide examples of lessons learned that have led to changes in
2821 practices, or that have led to plans for such changes, to manage impacts more successfully in the
2822 future. Such examples can include a change to a policy, specific training for workers, or additional
2823 attention given to the performance of suppliers.

2824 Lessons learned might be derived from the organization's own activities, its business relationships, or
2825 stakeholder or expert feedback.

2826 **Guidance to MT-3-d**

2827 The organization can explain, for example, whether and how affected stakeholders have been
2828 involved in determining an appropriate remedy for a negative impact, or how stakeholder feedback is
2829 used to assess the effectiveness of the actions taken.

2830 *References*

2831 The following documents informed the development of this Standard and can be helpful for
2832 understanding and applying it.

2833 **Authoritative intergovernmental instruments:**

- 2834 1. Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence*
2835 *Guidance for Responsible Business Conduct*, 2018.
- 2836 2. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for*
2837 *Multinational Enterprises*, 2011.
- 2838 3. United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United*
2839 *Nations “Protect, Respect and Remedy” Framework*, 2011.
- 2840 4. United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human Rights*,
2841 2008.
- 2842 5. United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue of*
2843 *Human Rights and Transnational Corporations and Other Business Enterprises*, John Ruggie, 2011.
- 2844 6. United Nations (UN), *Rio Declaration on Environment and Development*, 1992.
- 2845 7. United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*,
2846 2012.

2847 **Other relevant references:**

- 2848 8. Castan Centre for Human Rights Law, Office of the United Nations High Commissioner for
2849 Human Rights, and United Nations Global Compact, *Human Rights Translated 2.0: A Business*
2850 *Reference Guide*, 2017.
- 2851 9. Corporate Human Rights Benchmark Ltd., *Corporate Human Rights Benchmark methodology*,
2852 updated annually.
- 2853 10. Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015.
- 2854 11. Shift, Oxfam, and Global Compact Network Netherlands, *Doing Business with Respect for Human*
2855 *Rights: A Guidance Tool for Companies*, 2016.

2856 Glossary

2857 This glossary includes definitions for terms used in the Universal Standards: *GRI 101: Using the GRI*
2858 *Standards*, *GRI 102: About the Organization* and *GRI 103: Material Topics*. The organization is required
2859 to apply these definitions when using the Standards.

2860 The definitions included in this glossary may contain terms that are further defined in the complete
2861 [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in
2862 the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

2863 **annual total compensation [minor edits]**

2864 compensation provided over the course of a year, including salary, bonus, stock awards, option
2865 awards, non-equity incentive plan compensation, change in pension value, and nonqualified deferred
2866 compensation earnings

2867 **business partner [new]**

2868 entity with which the organization has some form of direct and formal engagement for the purpose
2869 of meeting its business objectives

2870 **Note 1:** Examples of business partners can include affiliates, business-to-business customers, clients,
2871 first-tier suppliers (such as a supplier that manufactures the organization's products), franchisees,
2872 joint venture partners, and investee companies in which the organization has a shareholding position.
2873 Business partners do not include subsidiaries and affiliates that the organization controls.

2874 **Note 2:** This definition comes from Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*,
2875 2015.

2876 **business relationships [new]**

2877 relationships that the organization has with business partners, entities in its value chain including
2878 those beyond the first tier, and any other entities directly linked to its operations, products, or
2879 services

2880 **Note 1:** Other entities directly linked to the organization's operations, products, or services can
2881 include, for example, a non-governmental organization together with which the organization delivers
2882 support to a local community or State security forces that protect the organization's facilities.

2883 **Note 2:** This definition is based on the United Nations (UN), *Guiding Principles on Business and*
2884 *Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011.

2885 **causing a negative impact [new]**

2886 The organization 'causes' a negative impact if its activities on their own result in the impact.

2887 **Note:** This definition is based on the Organisation for Economic Co-operation and Development
2888 (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018. See Box 2 in *GRI 103:*
2889 *Material Topics* for more information.

2890 **child [unchanged]**

2891 person under the age of 15 years, or under the age of completion of compulsory schooling,
2892 whichever is higher

2893 **Note 1:** Exceptions can occur in certain countries where economies and educational facilities are
2894 insufficiently developed and a minimum age of 14 years applies. These countries of exception are

2895 specified by the International Labour Organization (ILO) in response to a special application by the
2896 country concerned and in consultation with representative organizations of employers and workers.

2897 **Note 2:** The ILO *Minimum Age Convention*, 1973 (No. 138), refers to both child labor and young
2898 workers.

2899 **clawback [revised]**

2900 repayment of previously received compensation required to be made by a senior executive or
2901 member of the highest governance body to their employer in the event certain conditions of
2902 employment or goals are not met

2903 **collective bargaining [revised]**

2904 negotiations between one or more employers or employers' organizations and one or more
2905 workers' organizations (trade unions), to determine working conditions and terms of employment
2906 or to regulate relations between employers and workers

2907 **Note:** This definition is based on the International Labour Organization (ILO), *Collective Bargaining*
2908 *Convention*, 1981 (No. 154).

2909 **conflict of interest [revised]**

2910 situation where an individual is confronted with choosing between the requirements of their
2911 function in the organization and their other personal or professional interests or responsibilities

2912 **contributing to a negative impact [new]**

2913 The organization 'contributes to' a negative impact if its activities, in combination with the activities
2914 of other entities, cause the impact, or if the activities of the organization cause, facilitate, or
2915 incentivize another entity to cause the impact.

2916 **Note:** This definition comes from the Organisation for Economic Co-operation and Development
2917 (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018. See Box 2 in *GRI 103:*
2918 *Material Topics* for more information.

2919 **directly linked to a negative impact [new]**

2920 The organization's operations, products, or services are 'directly linked to' a negative impact by its
2921 business relationships when a business relationship causes an impact in connection with the
2922 organization's operations, products, or services, even if the organization has not contributed to the
2923 impact.

2924 **Note 1:** 'Direct linkage' is not defined by the link between the organization and the other entity,
2925 and is therefore not limited to direct contractual relationships, for example 'direct sourcing'.

2926 **Note 2:** This definition is based on the Organisation for Economic Co-operation and Development
2927 (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018. See Box 2 in *GRI 103:*
2928 *Material Topics* for more information.

2929 **due diligence [minor edits]**

2930 process to identify, prevent, mitigate, and account for how the organization addresses its actual and
2931 potential negative impacts

2932 **Note:** This definition is based on the United Nations (UN), *Guiding Principles on Business and Human*
2933 *Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011 and the
2934 Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for*
2935 *Multinational Enterprises*, 2011. See 'due diligence' in Section 2 of *GRI 101: Using the GRI Standards*.

2936 **employee [unchanged]**

2937 individual who is in an employment relationship with the organization, according to national law or
2938 its application

2939 **employment contract [minor edits]**

2940 contract as recognized under national law or practice that can be written, verbal, or implicit (i.e.,
2941 when all the characteristics of employment are present but without a written or witnessed verbal
2942 contract)

2943 *Permanent or indefinite contract:* Contract with an employee, for full-time or part-time work, for an
2944 indeterminate period.

2945 *Temporary or fixed term contract:* Contract with an employee for a limited duration, which ends when
2946 the specific time period expires, or when the specific task or event that has an attached time
2947 estimate is completed (e.g., the end of a project or return of replaced employees).

2948 **employment type [minor edits]**

2949 *Full-time:* A 'full-time employee' is an employee whose working hours per week, month, or year are
2950 defined according to national law or practice regarding working time.

2951 *Part-time:* A 'part-time employee' is an employee whose working hours per week, month, or year are
2952 less than 'full-time'.

2953 **governance body [revised]**

2954 formalized group of individuals responsible for the strategic guidance of the organization, the
2955 effective monitoring of management, and the accountability of management to the broader
2956 organization and its stakeholders

2957 **grievance [new]**

2958 perceived injustice that evokes an individual's or group's sense of entitlement, which may be based
2959 on law, contract, explicit or implicit promises, customary practice, or general notions of fairness
2960 among the aggrieved communities

2961 **Note:** This definition comes from the United Nations (UN), *Guiding Principles on Business and Human*
2962 *Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011.

2963 **grievance mechanism [revised]**

2964 routinized process through which grievances can be raised and remedy can be sought

2965 **Note 1:** Grievance mechanisms include routinized, State-based or non-State-based, judicial or non-
2966 judicial processes. They also include operational-level grievance mechanisms, which are administered
2967 by the organization either alone or in collaboration with other parties, and which are directly
2968 accessible by the organization's stakeholders.

2969 **Note 2:** According to UN Guiding Principle 31, effective grievance mechanisms are legitimate,
2970 accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning.
2971 In addition to these criteria, effective operational-level grievance mechanisms are also based on
2972 engagement and dialogue.

2973 **Note 3:** This definition is based on the United Nations (UN), *Guiding Principles on Business and*
2974 *Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011.

2975 **highest governance body [revised]**

2976 governance body with the highest authority in the organization

2977 **Note:** In some jurisdictions, governance systems consist of two tiers, where supervision and
2978 management are separated or where local law provides for a supervisory board drawn from non-
2979 executives to oversee an executive management board. In these cases, both tiers are included under
2980 the definition of highest governance body.

2981 **impact [revised]**

2982 In the GRI Standards, unless otherwise stated, 'impact' refers to the effect the organization has on
2983 the economy, environment, and/or people, including on human rights, which in turn can indicate the
2984 organization's contribution (negative or positive) to sustainable development.

2985 **Note:** In the GRI Standards, the term 'impact' can refer to:

- 2986 • actual impacts (those that have already occurred) or potential impacts (those that could
2987 occur but have not yet occurred);
- 2988 • negative impacts or positive impacts;
- 2989 • short-term impacts or long-term impacts;
- 2990 • intended impacts or unintended impacts;
- 2991 • reversible impacts or irreversible impacts.

2992 See 'impact' in Section 2 of *GRI 101: Using the GRI Standards*.

2993 **indigenous peoples [unchanged]**

2994 indigenous peoples are generally identified as:

- 2995 • tribal peoples in independent countries whose social, cultural and economic conditions
2996 distinguish them from other sections of the national community, and whose status is
2997 regulated wholly or partially by their own customs or traditions or by special laws or
2998 regulations;
- 2999 • peoples in independent countries who are regarded as indigenous on account of their
3000 descent from the populations which inhabited the country, or a geographical region to which
3001 the country belongs, at the time of conquest or colonization or the establishment of present
3002 state boundaries and who, irrespective of their legal status, retain some or all of their own
3003 social, economic, cultural, and political institutions.

3004 **Note:** This definition comes from the International Labour Organization (ILO), *Indigenous and Tribal*
3005 *Peoples Convention*, 1989 (No. 169).

3006 **internationally recognized human rights [new]**

3007 These rights are understood, at a minimum, to include the rights set out in the *International Bill of*
3008 *Human Rights* (consisting of the *Universal Declaration of Human Rights* and the main instruments
3009 through which it has been codified: the *International Covenant on Civil and Political Rights* and the
3010 *International Covenant on Economic, Social and Cultural Rights*), coupled with the principles concerning
3011 fundamental rights in the eight International Labour Organization (ILO) core conventions as set out
3012 in the *Declaration on Fundamental Principles and Rights at Work*.

3013 **Note 1:** Human rights are rights inherent to all human beings, regardless of nationality, place of
3014 residence, sex, national or ethnic origin, color, religion, language, or any other status. These rights
3015 are all interrelated, interdependent, and indivisible.

3016 **Note 2:** UN instruments elaborate further on the rights of indigenous peoples; women; national or
3017 ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and
3018 their families. There are also standards of international humanitarian law that apply in situations of
3019 armed conflict, such as the *Geneva Conventions of 1949*. See the Office of the United Nations High
3020 Commissioner for Human Rights' non-exhaustive list of universal human rights instruments,
3021 <https://www.ohchr.org/EN/ProfessionalInterest/Pages/UniversalHumanRightsInstruments.aspx>,
3022 accessed on 6 May 2020.

3023 **Note 3:** At the regional level, binding treaties as well as non-binding instruments provide region-
3024 specific frameworks for human rights. See the Office of the United Nations High Commissioner for
3025 Human Rights' list of regional human rights treaties,
3026 <https://www.ohchr.org/en/issues/escr/pages/regionalhrtreaties.aspx>, accessed on 6 May 2020.

3027 **Note 4:** This definition is based on the United Nations (UN), *Guiding Principles on Business and*
3028 *Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011 and the
3029 United Nations Human Rights Office of the High Commissioner webpage, *What are human rights?*,
3030 <https://www.ohchr.org/en/issues/pages/whatarehumanrights.aspx>, accessed on 6 May 2020.

3031 **local community [revised]**

3032 individuals or groups of individuals living and/or working in areas that are, or could be, affected by
3033 the organization's activities and decisions

3034 **Note:** The local community can range from individuals living adjacent to the organization's
3035 operations, to those living at a distance who are still likely to be affected by these operations.

3036 **material topic [revised]**

3037 topic that reflects the organization's most significant impacts on the economy, environment, and
3038 people, including impacts on human rights

3039 **Note:** See Section 2 of *GRI 101: Using the GRI Standards* and Section 2 of *GRI 103: Material Topics* for
3040 more information.

3041 **mitigation [new]**

3042 action(s) taken to reduce the extent of a negative impact

3043 **Note 1:** The mitigation of an actual negative impact refers to actions taken to reduce the extent of
3044 the negative impact that has occurred, with any residual impact needing remediation. The mitigation
3045 of a potential negative impact refers to actions taken to reduce the likelihood of the negative impact
3046 occurring.

3047 **Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect*
3048 *Human Rights: An Interpretive Guide*, 2012.

3049 **product [unchanged]**

3050 article or substance that is offered for sale or is part of a service delivered by the organization

3051 **remediation [new]**

3052 provision of remedy

3053 **Note:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect*
3054 *Human Rights: An Interpretive Guide*, 2012.

3055 **remedy [new]**

3056 means to counteract or make good a negative impact

3057 **Note 1:** Remedy can take a range of forms, such as apologies, restitution, restoration, rehabilitation,
3058 financial or non-financial compensation, and punitive sanctions (whether criminal or administrative,
3059 such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of
3060 non-repetition.

3061 **Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect*
3062 *Human Rights: An Interpretive Guide*, 2012.

3063 **reporting period [revised]**

3064 specific time period covered by the reported information

3065 **Note 1:** The reporting period can be, for example, the fiscal year or the calendar year.

3066 **Note 2:** Unless otherwise stated, the GRI Standards require information for the reporting period.

3067 **sector [revised]**

3068 subdivision of an economy, society, or sphere of activity, defined on the basis of some common
3069 characteristic such as similar or related products or services

3070 **Note:** Sector types can include classifications such as the public or private sector, as well as
3071 industry-specific categories such as the education, technology, or financial sectors.

3072 **senior executive [revised]**

3073 high-ranking member of the management of the organization, such as the Chief Executive Officer
3074 (CEO) or an individual reporting directly to the CEO or the highest governance body

3075 **service [unchanged]**

3076 action of the organization to meet a demand or need

3077 **severity [new]**

3078 The severity of an actual or potential negative impact is determined by its scale (i.e., how grave the
3079 impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to
3080 counteract or make good the resulting harm).

3081 **Note 1:** Severity is not an absolute concept; the severity of an impact is assessed relative to the
3082 other impacts the organization has identified. See Section 2 of *GRI 103: Material Topics* for more
3083 information.

3084 **Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect*
3085 *Human Rights: An Interpretive Guide*, 2012 and the Organisation for Economic Co-operation and
3086 Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

3087 **stakeholder [revised]**

3088 individual or group that has an interest that is, or could be, affected by the organization's activities
3089 and decisions

3090 **Note 1:** Common categories of stakeholders for organizations include business partners, civil
3091 society organizations, consumers, customers, employees and other workers, governments, local
3092 communities, non-governmental organizations, shareholders, suppliers, trade unions, and vulnerable
3093 groups. See 'stakeholder' in Section 2 of *GRI 101: Using the GRI Standards*.

3094 **Note 2:** This definition is based on the Organisation for Economic Co-operation and Development
3095 (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

3096 **supplier [revised]**

3097 entity in the organization's supply chain, which provides a product or service that contributes to the
3098 organization's own products or services

3099 **Note 1:** Examples of suppliers include brokers, consultants, contractors, distributors, franchisees,
3100 home workers, independent contractors, licensees, manufacturers, primary producers, sub-
3101 contractors, and wholesalers.

3102 **Note 2:** A supplier can have a direct business relationship with the organization (often referred to
3103 as first-tier supplier) or an indirect business relationship.

3104 **supply chain [revised]**

3105 range of activities carried out by entities upstream in the organization's value chain, which provide
3106 products or services that contribute to the organization's own products or services

3107 **sustainable development/sustainability [revised notes]**

3108 development that meets the needs of the present without compromising the ability of future
3109 generations to meet their own needs

3110 **Note 1:** Sustainable development encompasses broader economic, environmental, and societal
3111 interests, rather than the individual interests of organizations.

3112 **Note 2:** In the GRI Standards, the terms 'sustainability' and 'sustainable development' are used
3113 interchangeably.

3114 **Note 3:** This definition comes from the World Commission on Environment and Development, *Our*
3115 *Common Future*, 1987.

3116 **termination payment [minor edits]**

3117 all payments and benefits given to a departing senior executive or member of the highest governance
3118 body whose appointment is terminated

3119 **Note:** Termination payments extend beyond monetary payments to giving of property as well as
3120 automatic or accelerated vesting of incentives given in connection with a person's departure from a
3121 position.

3122 **under-represented social group [unchanged]**

3123 population that, relative to its numbers in a given society, has less opportunity to express its
3124 economic, social, or political needs and views

3125 **Note:** The specific groups included under this definition depend on the organization's operating
3126 context and are not uniform for every organization.

3127 **value chain [revised]**

3128 range of activities carried out by the organization and other entities, which convert input into output
3129 by adding value throughout the life cycle of a product or service from conception to end use

3130 **Note:** The value chain includes the organization's own activities, as well as activities carried out by
3131 entities upstream and downstream from the organization in relation to the organization's products
3132 and services. The upstream entities (e.g., suppliers) provide products or services that contribute to

3133 the organization's own products or services. The downstream entities (e.g., distributors, customers)
3134 receive products or services from the organization.

3135 **vulnerable group [revised]**

3136 group of individuals with some specific economic, physical, political, or social condition or
3137 characteristic that could experience negative impacts as a result of the organization's activities and
3138 decisions more severely than others

3139 **Note 1:** Vulnerable groups can include children and youth, elderly persons, ethnic minorities, ex-
3140 combatants, HIV/AIDS-affected households, indigenous peoples, internally displaced persons, people
3141 with disabilities, and refugees or returning refugees.

3142 **Note 2:** Vulnerabilities and impacts can differ by gender.

3143 **worker [minor edits]**

3144 person that performs work

3145 **Note 1:** Workers include, but are not limited to, employees. Further examples of workers include
3146 interns, apprentices, self-employed persons, and persons working for organizations other than the
3147 reporting organization, e.g., for suppliers.

3148 **Note 2:** In the context of the GRI Standards, in some cases it is specified whether a particular
3149 subset of workers is to be used.