The GRI Perspective

Better human rights reporting - needed now, but how?

Issue 6 - 4 May 2022

The recently released *2021 Workforce Disclosure Initiative* (WDI) report warns of an incomplete picture being provided to investors. The major issue? Human rights. This annual survey found almost half of firms had not implemented the measures needed to adequately handle and reduce human rights risks, including recourses to remedies and grievance mechanisms.

The WDI survey is supported by a *66-strong investor coalition* with over $10 trillion under management. Why? Because the more information available, the better job investors can do in working with companies to create value for both shareholders and society. This is about putting into action Larry's Fink of BlackRock's recent comments, that "*access to capital is not a right. It is a privilege*".

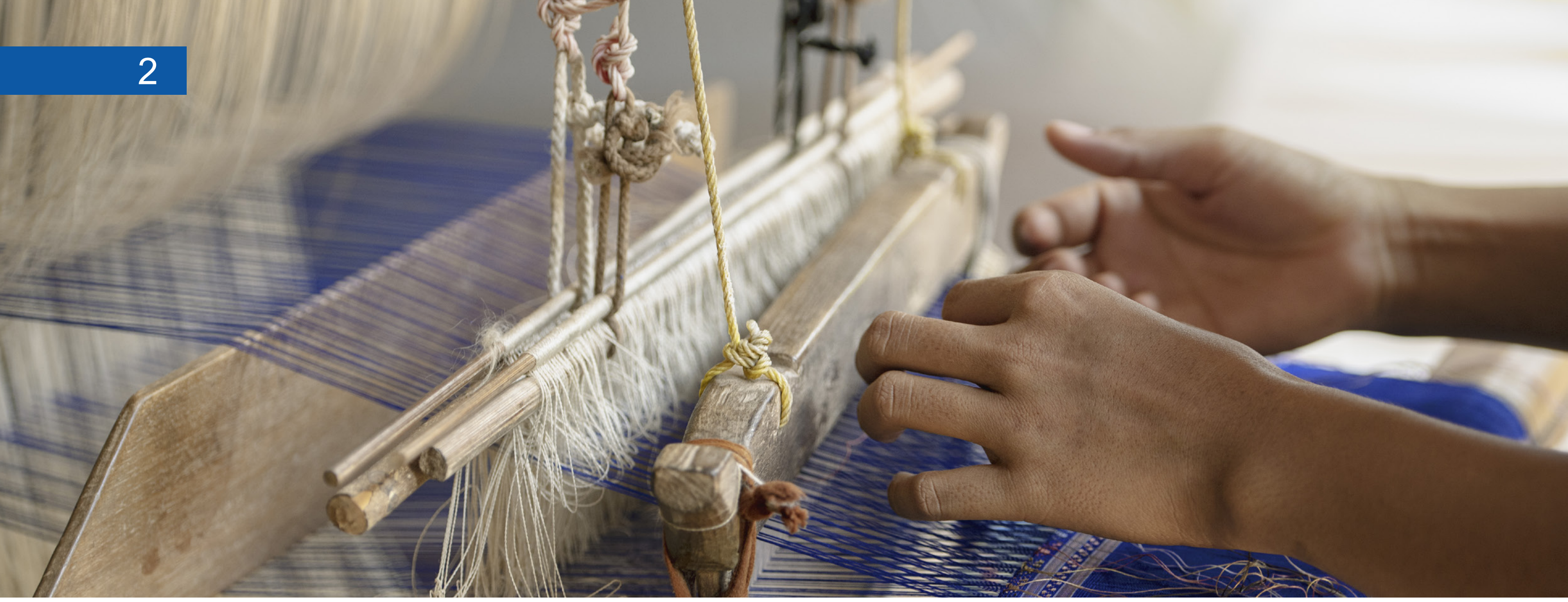
As acknowledged by shareholders, many of the questions investors ask of companies about their social and human rights practices could be dealt with by enhanced reporting. **The only credible standards for organizations to effectively report on human rights impacts are the GRI Standards.** The *updated Universal Standards* have incorporated human rights into the core of reporting requirements.

The S in 'social' starts with human rights

With an increased shift in focus to the S in 'ESG', human rights are the most logical starting point, as they form the basis for wider reporting not just on social topics but also across the entire sustainability spectrum. However, investors and other stakeholders face challenges in assessing the performance of firms on a range of social metrics. With so much attention on the availability and accuracy of environmental data - mainly due to moves towards mandatory disclosure on climate risks - access to and monitoring of social data seems to be partly forgotten.

Moreover, social data is more complex because of the challenges of measuring the 'impact' element of human factors. **After all, it is easier to quantify a ton of carbon than the value of a human life**. Until now, various agencies and watchdogs, such as the Corporate Human Rights Benchmark of the World Benchmarking Alliance, the Business & Human Rights Resource Centre, and the Human Rights Watch, have taken up some monitoring functions on the impact on human rights by businesses and governments. The existing difficulties around access to social data are being gradually addressed in response to growing stakeholder demands. The clearest sign is the current spate of ESG shareholder proposals, where multinationals face proxy votes on social topics, including the right to organize, diversity, health and safety, *as well as tax*.

Enhanced reporting not only helps organizations improve their decision making by managing their strategic commitments and risk management, it also allows them to engage with stakeholders by sharing information in a consistent and comparable way. The GRI Standards offer the strongest coverage of S in 'ESG' - with 17 standards covering social topics and many other topic Standards that are relevant from a social perspective. These range from health and safety to discrimination, supplier assessment and customer privacy, allowing reporting entities to show their true impact.



The significant update to the *GRI Universal Standards*, launched in October 2021, included the full integration of human rights reporting, rather than being an optional, stand-alone topic Standard (what was *GRI 412*). **This means that, for the first time, all organizations using the GRI Standards are expected to report on how they respect human rights.**

Standards on social topics	
GRI 401: Employment	*GRI 409: Forced or Compulsory Labor*
GRI 402: Labor / Management Relations	*GRI 410: Security Practices*
GRI 403: Occupational Health and Safety	*GRI 411: Rights of Indigenous Peoples*
GRI 404: Training and Education	*GRI 413: Local Communities*
GRI 405: Diversity and Equal Opportunity	*GRI 414: Supplier Social Assessment*
GRI 406: Non Discrimination	*GRI 415: Public Policy*
GRI 407: Freedom of Association and Collective Bargaining	*GRI 416: Customer and Health Safety*
GRI 408: Child Labor	*GRI 417: Marketing and Labelling*
	GRI 418: Customer Privacy

Where to start? Due diligence

The most logical question many practitioners face in terms of human rights reporting is: how to go about it? For this the process of human rights due diligence (HRDD) has been designed as the common practice by which companies need to account for how they address their adverse human rights impacts.

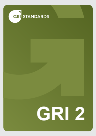
Getting back to basics, human rights are inherent to all people, which include, at a minimum, the 30 rights in the UN International Bill of Human Rights and the principles concerning fundamental rights in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. HRDD is the process companies should use to identify, prevent, mitigate and account for how they address their impacts on human rights. When looking at it from a distance, it very much looks like the financial risk management control frameworks. We will cover the topic of due diligence reporting in more depth in future issues of *The GRI Perspective*.

Why GRI? A new bar for human rights reporting

The updated ***GRI Universal Standards* raised the standard for human rights reporting and environmental due diligence, being the first and only global reporting standards to fully align with transparency expectations for sustainability impacts on human rights, as set out in authoritative and intergovernmental instruments**. These include the UN Guiding Principles on Business and Human Rights; OECD Guidelines for Multinational Enterprises; OECD Due Diligence Guidance for Responsible Business Conduct; ILO International Labour standards; and ICGN Global Governance Principles.

Universal Standards

Requirements and principles for using the GRI Standards



Disclosures about the reporting organization

Disclosures and guidance about the organization's material topics

Human Rights

1. All human being free and equal
2. No discrimination
3. Right to life
4. No Slavery
5. No torture & inhuman treatment
6. Same right to use law
7. Equal before the law
8. Right to treated fair by court
9. No unfair detainment
10. Right to trail
11. Innocent until proven guilty
12. Right to privacy
13. Freedom of movement & residence
14. Right to asylum
15. Right to nationality
16. Right to marry and have a family
17. Right to own things
18. Freedom of thought and religion
19. Freedom of opinion and expression
20. Right to assemble
21. Right to democracy
22. Right to social security
23. Right to work
24. Right to rest and holiday
25. Right of social service
26. Right to education
27. Right of cultural and art
28. Freedom around the world
29. Subject to law
30. Human rights cannot be taken

It may seem uncontroversial and even logical to root human rights into standards applicable to all, rather than leave it open for debate whether they should be deemed material. **Indeed, human rights are the essential linking pin for the entire thinking on ESG**. One of the reasons GRI decided to update it's the Universal Standards is reporting readiness. The world is facing a critical moment in the elaboration of mandatory HRDD regulations – with the updated GRI Standards a timely tool to meet these upcoming requirements.

- **First**, adherence to the UN Guiding Principles on Business and Human Rights (UNGPs) under which all businesses have a *responsibility to respect human rights*, and the *process of HRDD* is a core requirement in that responsibility. The UNGPs also mandate that states' international human rights law obligations include the duty to protect against abuses by business.
- **Secondly,** the wave of legal requirements on responsible business impacting markets across the world. Many countries – especially in Europe – are introducing mandatory HRDD. In addition, the European Commission itself has proposed the *Sustainable Corporate Governance Directive* (also referred to as the EU Supply Chain Directive or Human Rights Due Diligence Directive).

GRI's updated Universal Standards provide the best positioning for reporting entities to respond to all of these emerging regulatory requirements.

How we can help

Human rights is at the core of your sustainability report. Yet we recognize that effectively applying *GRI Universal Standards* requires support.

The *GRI Academy* offers specific training on the updated *GRI Universal Standards*, to equip reporting organizations and business practitioners with relevant knowledge and skills. Learn more about the full range of *GRI's services and tools* that are here for you.

Our ask

We are an international non-profit organization that reflects multi-stakeholder interests by developing and setting world-class sustainability reporting standards.

Our standards are free to use, but not free to develop. Creating and maintaining standards is time and resource intensive. To enable us to keep up the good work and stay on the leading edge of corporate sustainability reporting **we need your support!**

Get in touch →