GRI STANDARDS

GRI 413: Local Communities 2016

EFFECTIVE DATE: 1 JULY 2018

TOPIC STANDARD

413

GRI 413: Local Communities 2016

Topic Standard

Effective Date
This Standard is effective for reports or other materials published on or after 1 July 2018

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Introduction

GRI 413: Local Communities 2016 contains disclosures for organizations to report information about their impacts related to local communities, and how they manage these impacts.

The Standard is structured as follows:

- Section 1 contains a requirement, which provides information about how the organization manages its impacts related to local communities.
- Section 2 contains two disclosures, which provide information about the organization's impacts related to local communities.
- The Glossary contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The Bibliography lists authoritative intergovernmental instruments and additional references used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

Background on the topic

This Standard addresses the topic of local communities. In the GRI Standards, local communities are defined as individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities. The local community can range from those living adjacent to the organization's operations to those living at a distance.

An organization's activities and infrastructure can have significant economic, social, cultural, and/or environmental impacts on local communities. Where possible, organizations are expected to anticipate and avoid negative impacts on local communities. Establishing a timely and effective stakeholder identification and engagement process is important to help organizations understand the vulnerability of local communities and how these might be affected by the organization's activities.

Due to the heterogeneous nature of local communities, an organization is expected to consider the differentiated nature of communities and the distinct and specific vulnerabilities these groups can suffer as a result of the organization's activities.

These concepts are covered in key instruments of the Organisation for Economic Co-operation and Development and the United Nations: see the Bibliography.

System of GRI Standards

This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI Standards enable an organization to report information about its most significant impacts on the economy, environment, and people, including impacts on their human rights, and how it manages these impacts.

The GRI Standards are structured as a system of interrelated standards that are organized into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see Figure 1 in this Standard).

Universal Standards: GRI 1, GRI 2 and GRI 3

GRI 1: Foundation 2021 specifies the requirements that the organization must comply with to report in accordance with the GRI Standards. The organization begins using the GRI Standards by consulting *GRI 1*.

GRI 2: General Disclosures 2021 contains disclosures that the organization uses to provide information about its reporting practices and other organizational details, such as its activities, governance, and policies.

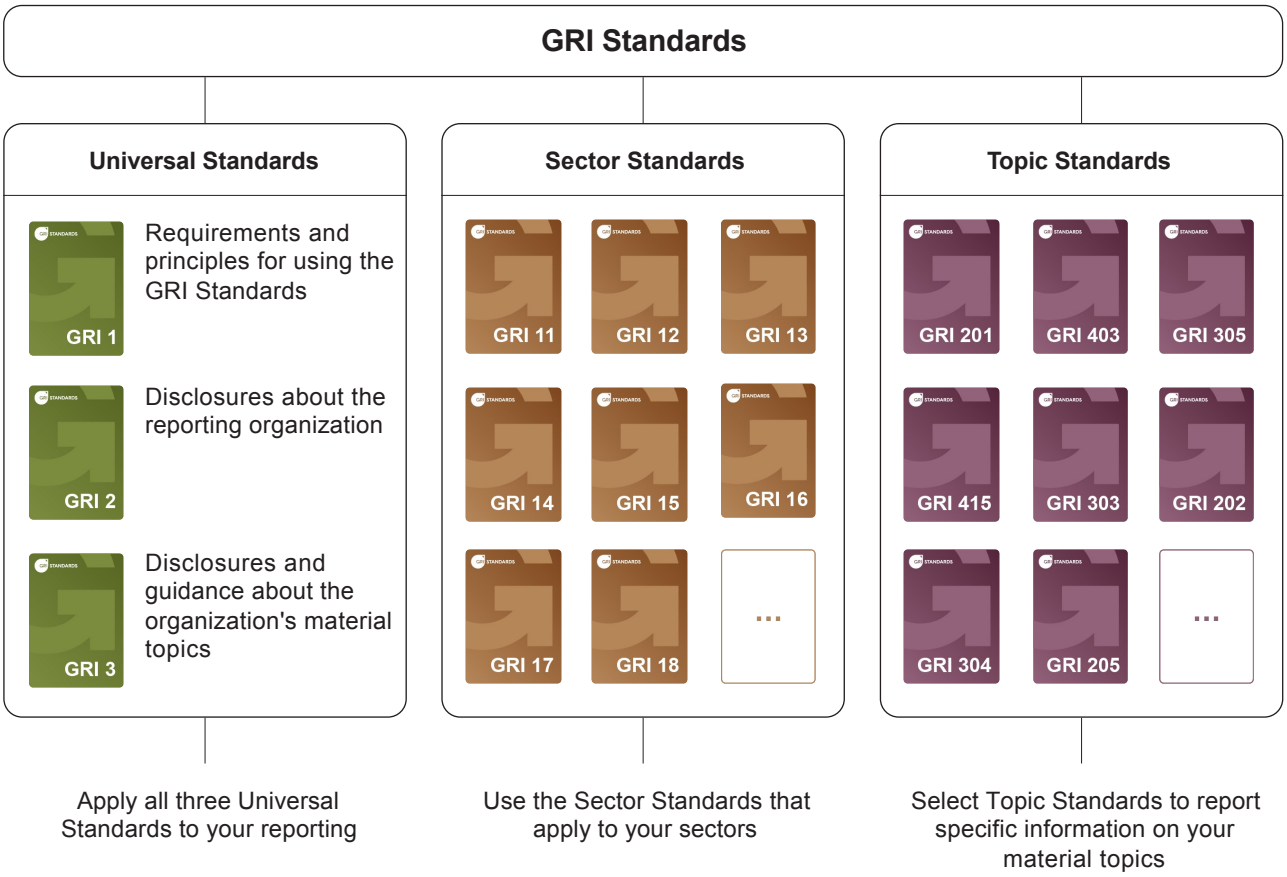
GRI 3: Material Topics 2021 provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

Sector Standards

The Sector Standards provide information for organizations about their likely material topics. The organization uses the Sector Standards that apply to its sectors when determining its material topics and when determining what to report for each material topic.

Topic Standards
The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using *GRI 3*.

Figure 1. GRI Standards: Universal, Sector and Topic Standards



Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its impacts related to local communities.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined local communities to be a material topic:

- Disclosure 3-3 in *GRI 3: Material Topics 2021* (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's impacts related to local communities (Disclosure 413-1 through Disclosure 413-2).

See Requirements 4 and 5 in *GRI 1: Foundation 2021*.

Reasons for omission are permitted for these disclosures.

If the organization cannot comply with a disclosure or with a requirement in a disclosure (e.g., because the required information is confidential or subject to legal prohibitions), the organization is required to specify the disclosure or the requirement it cannot comply with, and provide a reason for omission together with an explanation in the GRI content index. See Requirement 6 in *GRI 1: Foundation 2021* for more information on reasons for omission.

If the organization cannot report the required information about an item specified in a disclosure because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the requirement by reporting this to be the case. The organization can explain the reasons for not having this item, or describe any plans to develop it. The disclosure does not require the organization to implement the item (e.g., developing a policy), but to report that the item does not exist.

If the organization intends to publish a standalone sustainability report, it does not need to repeat information that it has already reported publicly elsewhere, such as on web pages or in its annual report. In such a case, the organization can report a required disclosure by providing a reference in the GRI content index as to where this information can be found (e.g., by providing a link to the web page or citing the page in the annual report where the information has been published).

Requirements, guidance and defined terms
The following apply throughout this Standard:

Requirements are presented in **bold font** and indicated by the word 'shall'. An organization must comply with requirements to report in accordance with the GRI Standards.

Requirements may be accompanied by guidance.

Guidance includes background information, explanations, and examples to help the organization better understand the requirements. The organization is not required to comply with guidance.

The Standards may also include recommendations. These are cases where a particular course of action is encouraged but not required.

The word ‘should’ indicates a recommendation, and the word ‘can’ indicates a possibility or option.

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

1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined local communities to be a material topic is required to report how it manages the topic using Disclosure 3-3 in *GRI 3: Material Topics 2021* (see clause 1.1 in this section).

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

REQUIREMENTS

1.1 The reporting organization shall report how it manages local communities using Disclosure 3-3 in *GRI 3: Material Topics 2021*.

GUIDANCE

The reporting organization can also describe:

- the means by which stakeholders are identified and engaged with;
- which vulnerable groups have been identified;
- any collective or individual rights that have been identified that are of particular concern for the community in question;
- how it engages with stakeholder groups that are particular to the community (for example, groups defined by age, indigenous background, ethnicity or migration status);
- the means by which its departments and other bodies address risks and impacts, or support independent third parties to engage with stakeholders and address risks and impacts.

Background

Communities have individual and collective rights deriving from, among others, international declarations and conventions such as:

- the United Nations (UN) Declaration, 'Universal Declaration of Human Rights', 1948;
- the United Nations (UN) Convention, 'International Covenant on Civil and Political Rights', 1966;
- the United Nations (UN) Convention, 'International Covenant on Economic, Social, and Cultural Rights', 1966;
- the United Nations (UN) Declaration, 'Declaration on the Right to Development', 1986.

Other standards such as the International Finance Corporation's (IFC) Performance Standards (PS) also provide widely-accepted good practice approaches for organizational assessment, engagement and treatment of community-related impact issues (see IFC PS1 – Assessment and Management of Environmental and Social Risks and Impacts, and PS4 – Community Health, Safety, and Security).

2. Topic disclosures

Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs

REQUIREMENTS

The reporting organization shall report the following information:

a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:

- **i. social impact assessments, including gender impact assessments, based on participatory processes;**
- **ii. environmental impact assessments and ongoing monitoring;**
- **iii. public disclosure of results of environmental and social impact assessments;**
- **iv. local community development programs based on local communities' needs;**
- **v. stakeholder engagement plans based on stakeholder mapping;**
- **vi. broad based local community consultation committees and processes that include vulnerable groups;**
- **vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;**
- **viii. formal local community grievance processes.**

RECOMMENDATIONS

2.1 When compiling the information specified in Disclosure 413-1, the reporting organization should use the data from Disclosure 2-6 in *GRI 2: General Disclosures 2021* to identify the total number of operations, if the organization has reported its total number of operations when describing its activities.

GUIDANCE

Background

A key element in managing impacts on people in local communities is assessment and planning in order to understand the actual and potential impacts, and strong engagement with local communities to understand their expectations and needs. There are many elements that can be incorporated into local community engagement, impact assessments, and development programs. This disclosure seeks to identify which elements have been consistently applied, organization-wide.

Where possible, organizations are expected to anticipate and avoid negative impacts on local communities. Where this is not possible, or where residual impacts remain, organizations are expected to manage those impacts appropriately, including grievances, and to compensate local communities for negative impacts.

Establishing a timely and effective stakeholder identification and engagement process is important to help organizations understand the vulnerability of local communities and how these might be affected by the organization's activities. A stakeholder engagement process both in early planning stages as well as during operations, can help establish lines of communication between an organization's various departments (planning, finance, environment, production, etc.) and key stakeholder interest groups in the community. This enables an organization to consider the views of community stakeholders in its decisions, and to address its potential impacts on local communities in a timely manner.

Organizations can utilize a number of useful tools to engage communities, including social and human rights impact assessments, which include a diverse set of approaches for proper identification of stakeholders and community characteristics. These can be based on issues such as ethnic background, indigenous descent, gender, age, migrant status, socioeconomic status, literacy levels, disabilities, income level, infrastructure availability or specific human health vulnerabilities which may exist within stakeholder communities.

An organization is expected to consider the differentiated nature of local communities and to take specific action to identify and engage vulnerable groups. This might require adopting differentiated measures to allow the effective participation of vulnerable groups, such as making information available in alternate languages or format for those who are not literate or who do

not have access to printed materials. Where necessary, organizations are expected to establish additional or separate processes so that negative impacts on vulnerable or disadvantaged groups are avoided, minimized, mitigated or compensated.[1]

1 International Finance Corporation (IFC), *Guidance Notes: Performance Standards on Environmental and Social Sustainability*, 2012.

Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities

REQUIREMENTS

The reporting organization shall report the following information:

a. Operations with significant actual and potential negative impacts on local communities, including:

i. the location of the operations;
ii. the significant actual and potential negative impacts of operations.

RECOMMENDATIONS

2.2 When compiling the information specified in Disclosure 413-2, the reporting organization should:

2.2.1 report the vulnerability and risk to local communities from potential negative impacts due to factors including:
2.2.1.1 the degree of physical or economic isolation of the local community;
2.2.1.2 the level of socioeconomic development, including the degree of gender equality within the community;
2.2.1.3 the state of socioeconomic infrastructure, including health and education infrastructure;
2.2.1.4 the proximity to operations;
2.2.1.5 the level of social organization;
2.2.1.6 the strength and quality of the governance of local and national institutions around local communities;

2.2.2 report the exposure of the local community to its operations due to higher than average use of shared resources or impact on shared resources, including:
2.2.2.1 the use of hazardous substances that have an impact on the environment and human health in general, and specifically have an impact on reproductive health;
2.2.2.2 the volume and type of pollution released;
2.2.2.3 the status as major employer in the local community;
2.2.2.4 land conversion and resettlement;
2.2.2.5 natural resource consumption;

2.2.3 for each of the significant actual and potential negative economic, social, cultural, and/or environmental impacts on local communities and their rights, describe:
2.2.3.1 the intensity or severity of the impact;
2.2.3.2 the likely duration of the impact;
2.2.3.3 the reversibility of the impact;
2.2.3.4 the scale of the impact.

GUIDANCE

Guidance for Disclosure 413-2

Internal sources of information about actual and potential negative impacts of operations on local communities can include:

- actual performance data;
- internal investment plans and associated risk assessments;
- all data collected with topic disclosures as they relate to individual communities. For example:
  - *GRI 101: Biodiversity 2024*;
  - *GRI 203: Indirect Economic Impacts 2016*;
  - *GRI 301: Materials 2016*;
  - *GRI 302: Energy 2016*;
  - *GRI 303: Water and Effluents 2018*;
  - *GRI 305: Emissions 2016*;
  - *GRI 306: Waste 2020*;
  - *GRI 403: Occupational Health and Safety 2018*;
  - *GRI 408: Child Labor 2016*;
  - *GRI 409: Forced or Compulsory Labor 2016*;
  - *GRI 410: Security Practices 2016*;

- *GRI 411: Rights of Indigenous Peoples 2016*;
- *GRI 416: Customer Health and Safety 2016*.

Background
This disclosure is focused on significant actual and potential negative impacts related to an organization's operations and not on community investments or donations, which are addressed by *GRI 201: Economic Performance 2016*.

This disclosure informs stakeholders about an organization's awareness of its negative impacts on local communities. It also enables the organization to better prioritize and improve its organization-wide attention to local communities.

Glossary

This glossary provides definitions for terms used in this Standard. The organization is required to apply these definitions when using the GRI Standards.

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

B

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

Source: Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015; modified

Examples: affiliates, business-to-business customers, clients, first-tier suppliers, franchisees, joint venture partners, investee companies in which the organization has a shareholding position

Note: Business partners do not include subsidiaries and affiliates that the organization controls.

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

Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

Note: Examples of other entities directly linked to the organization's operations, products, or services are a non-governmental organization with which the organization delivers support to a local community or state security forces that protect the organization's facilities.

C

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

Note 1: Exceptions can occur in certain countries where economies and educational facilities are insufficiently developed, and a minimum age of 14 years applies. These countries of exception are specified by the International Labour Organization (ILO) in response to a special application by the country concerned and in consultation with representative organizations of employers and workers.

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

community development program
plan that details actions to minimize, mitigate, or compensate for adverse social and/or economic impacts, and/or to identify opportunities or actions to enhance positive impacts of a project on the community

E

employee
individual who is in an employment relationship with the organization according to national law or practice

H

human rights
rights inherent to all human beings, which include, at a minimum, the rights set out in the *United Nations (UN) International Bill of Human Rights* and the principles concerning fundamental rights set out in the *International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work*

Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

Note: See Guidance to 2-23-b-i in *GRI 2: General Disclosures 2021* for more information on 'human rights'.

I

impact
effect the organization has or could have on the economy, environment, and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See section 2.1 in *GRI 1: Foundation 2021* for more information on 'impact'.

Indigenous Peoples
Indigenous Peoples are generally identified as:

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

Source: International Labour Organization (ILO), *Indigenous and Tribal Peoples Convention*, 1989 (No. 169)

L

local community
individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities

Note: The local community can range from those living adjacent to the organization's operations to those living at a distance.

M

material topics
topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights

Note: See section 2.2 in *GRI 1: Foundation 2021* and section 1 in *GRI 3: Material Topics 2021* for more information on 'material topics'.

O

operation with significant actual or potential negative impacts on local communities
operation, considered alone or in combination with the characteristics of local communities, that has a higher than average potential of negative impacts, or actual negative impacts, on the social, economic or environmental well-being of local communities

Note: Examples of negative impacts on local communities can include impacts to local community health and safety.

S

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

Source: Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018; modified
United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

Note: See section 1 in *GRI 3: Material Topics 2021* for more information on 'severity'.

supplier
entity upstream from the organization (i.e., in the organization's supply chain), which provides a product or service that is used in the development of the organization's own products or services

Examples: brokers, consultants, contractors, distributors, franchisees, home workers, independent contractors, licensees, manufacturers, primary producers, sub-contractors, wholesalers

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

supply chain
range of activities carried out by entities upstream from the organization, which provide products or services that are used in the development of the organization's own products or services

sustainable development / sustainability
development that meets the needs of the present without compromising the ability of future generations to meet their own needs

Source: World Commission on Environment and Development, *Our Common Future*, 1987

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

V

value chain
range of activities carried out by the organization, and by entities upstream and downstream from the organization, to bring the organization's products or services from their conception to their end use

Note 1: Entities upstream from the organization (e.g., suppliers) provide products or services that are used in the development of the organization's own products or services. Entities downstream from the organization (e.g., distributors, customers) receive products or services from the organization.

Note 2: The value chain includes the supply chain.

vulnerable group
group of individuals with a specific condition or characteristic (e.g., economic, physical, political, social) that could experience negative impacts as a result of the organization's activities more severely than the general population

Examples: children and youth; elderly persons; ex-combatants; HIV/AIDS-affected households; human rights defenders; Indigenous Peoples; internally displaced persons; migrant workers and their families; national or ethnic, religious and linguistic minorities; persons who might be discriminated against based on their sexual orientation, gender identity, gender expression, or sex characteristics (e.g., lesbian, gay, bisexual, transgender, intersex); persons with disabilities; refugees or returning refugees; women

Note: Vulnerabilities and impacts can differ by gender.

W

worker
person that performs work for the organization

Examples: employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for suppliers

Note: In the GRI Standards, in some cases, it is specified whether a particular subset of workers is required to be used.

Bibliography

This section lists authoritative intergovernmental instruments and additional references used in developing this Standard.

Authoritative instruments:

1. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
2. Organisation for Economic Co-operation and Development (OECD), *Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones*, 2006.
3. United Nations (UN) Convention, 'International Covenant on Civil and Political Rights', 1966.
4. United Nations (UN) Convention, 'International Covenant on Economic, Social, and Cultural Rights', 1966.
5. United Nations (UN) Declaration, 'Declaration on the Right to Development', 1986.
6. United Nations (UN) Declaration, 'Universal Declaration of Human Rights', 1948.

Additional references:

7. International Finance Corporation (IFC), *Performance Standards on Environmental and Social Sustainability*, 2012.
8. International Finance Corporation (IFC), *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, 2007.

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