



**GSSB** Global  
Sustainability  
Standards Board

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## Item 09 – Discussion paper on the review of GRI’s Human Rights-related Standards

### For GSSB discussion

<b>Date</b>	13 March 2017
<b>Meeting</b>	21-22 March 2017, Amsterdam
<b>Project</b>	Review of GRI’s Human Rights-related Standards
<b>Description</b>	<p>The Global Sustainability Standards Board (GSSB) has identified human rights as a priority area for reviewing the GRI Sustainability Reporting Standards. This review would potentially encompass multiple Standards (i.e., <i>GRI 408: Child Labor</i>, <i>GRI 409: Forced or Compulsory Labor</i>, and <i>GRI 412: Human Rights Assessment</i>, amongst others), and could result in merging or restructuring the Standards.</p> <p>This paper outlines an initial proposal for GSSB discussion on the possible objectives, scope and process for this review.</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](http://www.globalreporting.org).

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## 13 About this paper

14 The Global Sustainability Standards Board (GSSB), GRI's independent standard setting body, has  
15 identified human rights as a priority area for reviewing the GRI Sustainability Reporting Standards.  
16 This review would potentially encompass multiple Standards (i.e., *GRI 408: Child Labor*, *GRI 409:*  
17 *Forced or Compulsory Labor*, and *GRI 412: Human Rights Assessment*, amongst others), and could result  
18 in merging or restructuring the Standards. For more information, see the [GSSB Work Program](#)  
19 [2017-2019](#).

20 Between January and February 2017, the Standards Division undertook an initial scoping exercise, to  
21 identify the possible objectives, scope and process for this review project. The outcome of this is  
22 presented in this paper, for initial discussion and consideration by the GSSB.

23 As input for the preparation of this paper, the GRI Standards Division interviewed GSSB members  
24 and other business and human rights experts (see [Annex I](#) of this paper), and reviewed relevant  
25 instruments and literature in this area (these are referenced in footnotes throughout the paper).

### 26 *Input requested from the GSSB*

27 The first section of this paper highlights recent developments in the business and human rights space,  
28 as well as potential gaps and areas for improvement in the GRI Standards with regards to human  
29 rights reporting – such as greater alignment with the UN Guiding Principles on Business and Human  
30 Rights, or reviewing the existing GRI human rights quantitative disclosures.

31 The second section outlines a proposed approach for addressing these gaps and areas for  
32 improvement – for initial discussion and consideration by the GSSB. The Standards Division  
33 proposes to undertake the review of the human rights-related Standards in two phases.

34 The first phase would look at convening an ad-hoc Technical Committee with the mandate to  
35 develop overarching reporting requirements for human rights and to advise the GSSB on which  
36 topic-specific Standards should be reviewed and/or created.

37 The second phase would look at updating individual topic-specific human rights Standards. This phase  
38 may be organized as a series of staggered sub-projects to review and/or create new topic-specific  
39 Standards, and may likely span beyond 2017/2018.

40 **The GSSB is asked to give input on the proposed objectives, scope and process outlined**  
41 **in this paper, and to flag any additional developments and/or improvement areas that**  
42 **should be considered as part of this review project.**

# Background

## Human rights in the GRI Standards

Within the current structure of GRI Sustainability Reporting Standards (GRI Standards), specific human rights topics are covered in the 400 series (Social topics).

Annex 2 of this paper lists those topic-specific Standards and related disclosures that deal directly with human rights, or have been traditionally identified as ‘human rights-related Standards’ within the GRI framework (such as *GRI 406: Non-discrimination*, *GRI 407: Freedom of Association and Collective Bargaining* or *GRI 408: Child Labor*).

However, human rights are intertwined with many issues and, therefore, impacts on human rights may also be reported in a company’s coverage of other topics, for example those topics regarding occupational health and safety, customer privacy, or water.

The existing human rights contents in the GRI Standards were last updated in 2011, during the development of the G3.1 Guidelines.

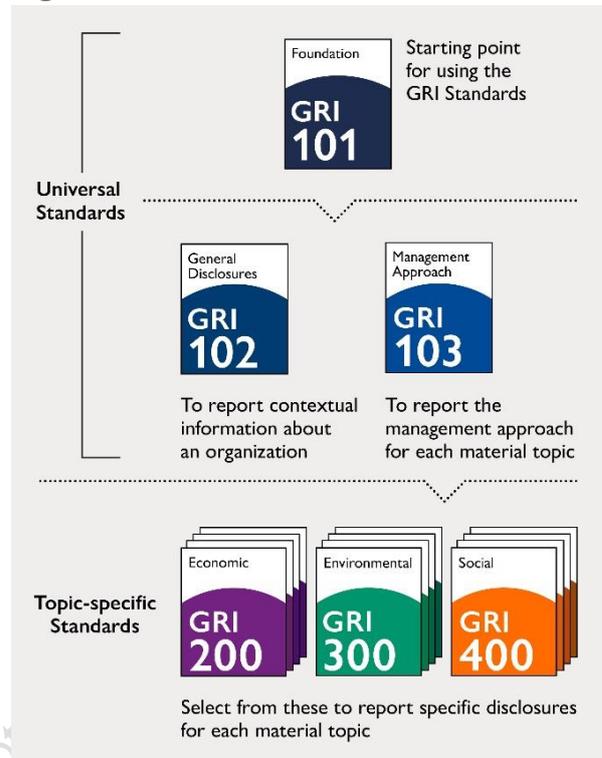
The 2011 review took into account recent developments at that time that had led to new perspectives on how human rights relate to businesses – namely, the 2008 United Nations "Protect, Respect and Remedy" Framework for Business and Human Rights<sup>1</sup>. This review resulted in two new disclosure topics being developed on the application of human rights risk assessments and grievance remediation in an organization’s operations.<sup>2</sup>

Later in 2011, the UN Guiding Principles on Business and Human rights were launched and unanimously endorsed by the Human Rights Council. The Guiding Principles aimed to operationalize and promote the 2008 UN Framework for Business and Human Rights.

In 2013 GRI issued the G4 Guidelines, which expanded some of the concepts in the Guiding Principles to areas such as the topic Boundary, supply chain reporting, and the disclosures on management approach.

For example, guidance around topic Boundary was updated to clarify the expectation that the identification of relevant topics should consider not only the relevant impacts related to the organization’s activities, products and services, but also those impacts related to the organization’s relationships.

Figure I. Overview of the set of Standards



<sup>1</sup> <https://business-humanrights.org/en/un-secretary-generals-special-representative-on-business-human-rights/un-protect-respect-and-remedy-framework-and-guiding-principles>

<sup>2</sup> <https://www.globalreporting.org/information/g4/G3andG3-1/g3-1-guidelines/Pages/Human-Rights-and-Reporting.aspx>

## 80 *Recent developments in business and human rights*

81 Since the last update of the GRI human rights content in 2011, the United Nations Guiding Principles  
82 on Business and Human rights have become the authoritative global reference for preventing and  
83 addressing adverse impacts on human rights arising from business-related activity. As a result,  
84 companies now have a better understanding of their responsibilities vis-à-vis human rights, which  
85 they can consequently incorporate into their reporting processes.<sup>3</sup>

86 The widespread uptake of the Guiding Principles is evidenced by the many initiatives by a broad  
87 array of actors that have been initiated in recent years. A UN Working Group on the issue of  
88 human rights and transnational corporations and other business enterprises was established in 2011,  
89 with the mandate to promote and contribute to the uptake and implementation of the Guiding  
90 Principles, and has regularly reported on the uptake of the Principles.

91 In a May 2015 report, the Working Group noted that the greatest progress with regard to uptake of  
92 the Principles had so far been the integration of key elements in global standards and initiatives  
93 relating to responsible business conduct. Among the most notable frameworks with potential for  
94 driving further progress, the Working Group reflected on the contributions of frameworks such as  
95 the OECD Guidelines for Multinational Enterprises (as well as emerging, related guidance within the  
96 OECD system), ISO 26000, GRI-G4, as well as sector-specific initiatives by industry bodies (e.g.,  
97 ICMM and IPIECA) or involving the United Nations (e.g., the Global Compact and the UNEP Finance  
98 Initiative).<sup>4</sup>

99 The last few years have also seen new business and human rights reporting frameworks emerge,  
100 such as the UN Guiding Principles Reporting Framework published in 2013.<sup>5</sup> The Danish Institute for  
101 Human Rights updated its Human Rights Compliance Assessment tool and indicators in 2016.<sup>6</sup> And  
102 last year, the Corporate Human Rights Benchmark pilot methodology was also launched, the results  
103 of which will be published on 13 March 2017.<sup>7</sup>

104 An increasing number of States in different regions are also taking steps towards national action  
105 plans on business and human rights. To date, 13 states have produced a national action plan to  
106 implement the Guiding Principles, and 22 other states are in the process of developing one or have  
107 committed to doing so.<sup>8</sup> In 2016, GRI and the Danish Institute for Human Rights partnered to  
108 promote sustainability reporting as part of governments' ongoing development and implementation  
109 of national action plans on business and human rights.<sup>9</sup>

110 A number of European and national level legislative initiatives are also indicative of a growing trend  
111 towards regulating human rights due diligence, either through transparency requirements, or  
112 through obligations to conduct due diligence.

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<sup>3</sup> [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=A/70/216](http://www.un.org/en/ga/search/view_doc.asp?symbol=A/70/216) (paragraph I.A.2) and  
<https://www.globalreporting.org/information/news-and-press-center/Pages/spotlight-on-the-unwg-on-business-and-human-rights.aspx>

<sup>4</sup> [http://www.ohchr.org/Documents/Issues/Business/Session11/A\\_HRC\\_WG.12\\_11\\_1.docx](http://www.ohchr.org/Documents/Issues/Business/Session11/A_HRC_WG.12_11_1.docx)

<sup>5</sup> <http://www.ungpreporting.org/>

<sup>6</sup> <https://hrca2.humanrightsbusiness.org/>

<sup>7</sup> <https://business-humanrights.org/en/corporate-human-rights-benchmark>

<sup>8</sup> <http://www.ohchr.org/EN/Issues/Business/Pages/NationalActionPlans.aspx>

<sup>9</sup> <https://www.globalreporting.org/information/news-and-press-center/Pages/GRI-and-DIHR-partner-to-bridge-business-and-government-action-on-human-rights.aspx>

113 In February of 2017, the French Parliament adopted corporate duty of vigilance law, which  
114 establishes a legally binding obligation for parent companies to identify and prevent adverse human  
115 rights and environmental impacts resulting from their own activities, from activities of companies  
116 they control, and from activities of their subcontractors and suppliers, with whom they have an  
117 established commercial relationship.

118 In 2016, the UK adopted the Transparency in Supply Chain Clause of the Modern Slavery Act. This  
119 provision requires companies domiciled or doing business in the UK to report on the measures they  
120 take to prevent slavery or human rights trafficking in their supply chains. This also follows the  
121 California Transparency in Supply Chains Act – signed into law in October 2010 and into effect since  
122 January 2012 – which requires certain companies to report on their specific actions to eradicate  
123 slavery and human trafficking in their supply chains.<sup>10</sup>

124 Another example is the EU Non-Financial Reporting Directive, under which 6,000 large EU  
125 companies and financial corporations are required to report on their principal impacts and risks  
126 regarding human rights, environmental, social and labor, and anti-corruption matters, including the  
127 due diligence processes implemented to address these issues.<sup>11</sup>

128 Finally, in 2014, the UN Human Rights Council decided to establish an open-ended  
129 intergovernmental working group on transnational corporations and other business enterprises with  
130 respect to human rights, whose mandate is to elaborate an international legally binding instrument to  
131 regulate, in international human rights law, the activities of transnational corporations and other  
132 business enterprises. The working group will hold its third session from 23 to 27 October 2017.<sup>12</sup>  
133 While the timeline for this treaty is unclear, experts consulted have commented that the negotiation  
134 process will likely take many years.

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<sup>10</sup> Lines 121-123: <https://www.dol.gov/ilab/child-forced-labor/California-Transparency-in-Supply-Chains-Act.htm>

<sup>11</sup> Lines 110-120 and 124-127: <http://corporatejustice.org/documents/french-corporate-duty-of-vigilance-law-faq.pdf>

<sup>12</sup> <http://www.ohchr.org/EN/HRBodies/HRC/WGTransCorp/Pages/IGWGOntnc.aspx>

## 135 *Summary of expert interviews and literature review*

136 The GRI Standards Division interviewed GSSB members and other business and human rights  
137 experts (see [Annex 1](#) of this paper) and reviewed relevant instruments and literature in this area to  
138 understand potential gaps and areas for improvement in the GRI Standards related to human rights  
139 reporting. This section summarizes the outcome of these interviews and literature analysis.

### 140 **Views on basic expectations for how business should approach human rights**

141 All experts consulted cited the UN Guiding Principles on Business and Human Rights as the primary  
142 reference for understanding what is expected of businesses with regards to human rights. Other  
143 standards were also cited, including the OECD MNE Guidelines and the upcoming due diligence  
144 guidance, ISO 26000, the ILO MNE Declaration (currently under revision), and the Sustainable  
145 Development Goals.

146 When asked about how the GRI Standards currently align with these expectations, experts  
147 mentioned that the Standards already incorporate certain elements of the Guiding Principles,  
148 although there is room for further alignment. See [Annex 3](#) of this paper for a draft high-level gap  
149 analysis between the Guiding Principles and the GRI Standards.

150 An important consideration is that the Guiding Principles introduce a universal expectation to  
151 respect human rights that applies to all businesses, everywhere, regardless of their materiality  
152 assessment. This may be a fundamental gap between the expectations set out in the Guiding  
153 Principles and the current approach in the GRI Standards, whereby reporting on human rights is  
154 subject to an organization's materiality assessment and other reporting principles on content  
155 selection.

156 The GRI Standards could be updated to better reflect this universal expectation, and ask all  
157 companies to explain, at a high level, how they meet this responsibility.

158 As shown in the draft gap analysis ([Annex 3](#)), *GRI 102: General Disclosures* requires all organizations  
159 to report on collective bargaining (Disclosure 102-41), which is a specific right. However, there is no  
160 overarching requirement for organizations to report on their general policy commitment to respect  
161 human rights.

162 There could be different options for introducing a 'universal' requirement for human rights reporting  
163 in the Standards – this could go into *GRI 102: General Disclosures* or *GRI 103: Management Approach*.  
164 Experts advise that such requirements should not be detailed, and could be accompanied by an  
165 expanded overarching or umbrella human rights standard.

166 The identification and reporting of specific human rights risks (e.g., child labor, discrimination) could  
167 continue to be subject to materiality. Experts also suggested that the GRI Standards could provide  
168 guidance on the relationship between materiality and 'salience' and how to prioritize human rights  
169 risks based on severity.

### 170 **Views on basic expectations for what businesses should report about their approach to** 171 **human rights**

172 Experts consulted expect organizations to report, as a minimum, the following information about  
173 how they approach human rights:

- 174 • their policy commitment to respect human rights
- 175 • their due diligence process to identify human rights risks, including their stakeholder  
176 engagement process
- 177 • what their human rights risks are and the organization's relationship to those risks (cause,  
178 contribute to, or directly linked to via business relationships)

- 179 • what they are doing to address human rights risks (including the use of leverage and the  
180 provision of remedy)

181 This reporting is expected to take the form of narrative disclosures and explanations, but may also  
182 include policy and process related indicators (i.e., those that measure the extent to which policies  
183 and processes have been implemented).

184 As shown in the draft gap analysis ([Annex 3](#)), many of these elements are, to some extent, already  
185 covered by disclosures in the Standards. However, these are currently found across several  
186 Standards and they might be difficult for users to find.

187 Experts cited that *GRI 412: Human Rights Assessment* could serve as the umbrella standard for  
188 reporting on human rights, as outlined above. However, the current placement of this Standard  
189 within the GRI structure needs to be reviewed. Human Rights Assessment is not a sustainability  
190 topic that should be subject to materiality, but the process by which human rights risks are  
191 identified.

192 Lastly, experts consulted expressed a strong interest for GRI to harmonize with and build upon  
193 work already done in this space, such as the UN Guiding Principles Reporting Framework.<sup>13</sup>

#### 194 **Views on which human rights should be covered as a minimum in the GRI Standards**

195 In addition to providing general guidance for reporting an organization's overarching approach to  
196 human rights (as detailed in the previous section), experts commented there is value in having  
197 Standards covering individual rights (e.g., for Child Labor, Non-discrimination, etc.).

198 Experts flagged that businesses can have an impact on virtually the entire spectrum of internationally  
199 recognized human rights – as established by the Guiding Principles. However, the GRI Standards  
200 currently cover a limited number of rights (see [Annex 2](#) of this paper), and these rights are biased  
201 towards certain industries such as extractives and those with extensive supply chains.

202 Experts suggested additional rights which may be covered via new topic Standards, such as those  
203 relating to vulnerable groups.

204 In addition, a report of the UN Working Group on the issue of human rights and transnational  
205 corporations and other business enterprises from July 2015 highlights that while labor issues, health  
206 and safety and environmental impacts are generally covered by reporting initiatives, specific human  
207 rights such as land-related rights or freedom of expression are not adequately or comprehensively  
208 addressed. Likewise, most initiatives pay less attention to impacts on affected communities (such as  
209 indigenous and minority communities) and on human rights defenders.<sup>14</sup>

210 Despite this, experts warn that it is not possible, nor desirable, to reduce human rights to just one  
211 list.

212 In sum, most experts consulted agree there is value in having topic-specific Standards on key human  
213 rights, even if not all rights are covered. However, there is little consensus on which additional high  
214 priority rights should be covered through new topic Standards. At a minimum, experts  
215 recommended that the GRI Standards be clear on the expectation that businesses can have an  
216 impact on virtually the entire spectrum of internationally recognized human rights.

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<sup>13</sup> <http://www.ungpreporting.org/>

<sup>14</sup> [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=A/70/216](http://www.un.org/en/ga/search/view_doc.asp?symbol=A/70/216)

217 **Views on challenges with regards to business and human rights measurement and reporting**

218 The GRI Standards are designed to enable organizations to report on their actual and potential  
219 impacts and include numerous quantitative measures, including for human rights-related topics.

220 Experts consulted have, however, cited both technical and legal challenges with the reporting of  
221 actual human rights impacts, as well as challenges with the quantification of human rights  
222 performance.

223 Experts agree that existing GRI disclosures may have limitations and may not reflect best  
224 measurement of the associated impacts. For example, GRI Disclosure 411-I asks companies to  
225 report the 'total number of identified incidents of violations involving rights of indigenous peoples'.  
226 One expert comments that this indicator risks being an invalid measure of the adverse human rights  
227 impacts by corporations because it does not take into account numerous contextual factors that can  
228 affect the 'score' of a company (such as whether reduction in the number of incidents may have  
229 resulted from the previous (unjustified) arrest of all indigenous leaders).

230 Some experts comment that from a human rights perspective, every adverse human rights impact is  
231 one too many; there is no need to count and measure.<sup>15</sup>

232 However, developing better disclosures to measure these impacts is challenging. GRI's research and  
233 conversations suggest that, for many of these impacts, better disclosures may not yet exist and  
234 would need to be developed.

235 The UN Working Group has, in its July 2015 report, called for better initiatives to measure the  
236 extent to which human rights abuses are being reduced in practice. The report highlights that a lot  
237 of initiatives have understandably focused on the commitment and process elements, given that the  
238 greater availability of data thereon makes them easier to quantify. However, few cover the actual  
239 impacts on the prevention or redress of human rights abuses. As a result, it is not clear whether any  
240 of the commitments and processes on which data are available have improved company practices or  
241 decreased the number of human rights abuses by business enterprises.<sup>16</sup>

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<sup>15</sup> <http://www.ohchr.org/Documents/Issues/Business/ForumSession4/Felice.pdf>

<sup>16</sup> [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=A/70/216](http://www.un.org/en/ga/search/view_doc.asp?symbol=A/70/216)

## 242 Initial proposal for discussion

243 Based on the gaps and areas for improvement identified during the initial scoping exercise, the  
244 Standards Division proposes to undertake this review in two phases:

### 245 **Phase 1: Development of overarching requirements and structural review**

246 Before individual topic-specific Standards can be reviewed, there are overarching human rights  
247 reporting requirements and structural changes that would need to be developed.

248 During this phase, an ad-hoc Technical Committee would be convened with the mandate to:

- 249 • explore the feasibility of developing minimum human rights reporting requirements for all  
250 companies using the GRI Standards (within *GRI 102: General Disclosures*, or other suitable  
251 location) – to reflect the universal expectation that all businesses should respect human  
252 rights
- 253 • develop more detailed overarching reporting requirements, recommendations and/or  
254 guidance for organizations to show how they meet their responsibility to respect human  
255 rights; and to issue recommendations to the GSSB on where this content may sit within the  
256 existing GRI Standards structure (whether within the Universal or the topic-specific Series).  
257 This review should take due consideration of the content in *GRI 412: Human Rights  
258 Assessment*, and review its placement
- 259 • issue recommendations to the GSSB on other GRI Standards that might require updating  
260 (e.g., *GRI 101: Foundation*, *GRI 103: Management Approach*), to ensure alignment with the new  
261 contents developed
- 262 • issue recommendations to the GSSB on which human rights topic Standards should be  
263 reviewed, and whether new ones should be created
- 264 • advise the GSSB on the feasibility of, and need for, developing quantitative disclosures, as  
265 well as disclosures of actual impacts

266 The ad-hoc Technical Committee should develop this content in alignment with key authoritative  
267 inter-governmental instruments and consider the content of other business and human rights  
268 reporting frameworks, such as the UN Guiding Principles Reporting Framework.

269 The ad-hoc Technical Committee may be comprised of up to 5 business and human rights experts  
270 and carry out their work through a series of online and in-person meetings.

271 Content development must follow the [GSSB Due Process protocol](#), and includes public exposure of  
272 draft standards.

### 273 **Phase 2: Updating of individual topic Standards**

274 Following the recommendations of the ad-hoc Technical Committee, this phase would look at  
275 updating individual human rights topic Standards, and developing new ones where needed.

276 The review of these Standards could be carried out by different ad-hoc Technical Committee(s)  
277 and/or Project Working Group(s), and may be organized as a series of staggered sub-projects –  
278 likely spanning beyond 2017/2018.

## 279 Next steps

280 Following GSSB feedback, the Standards Division will prepare a Project Proposal for feedback from  
281 the GRI Board of Directors and Stakeholder Council and approval by the GSSB between April and  
282 May 2017.

## 283 Annex 1. Business and Human Rights experts consulted

- 284 • Dwight Justice, Global Sustainability Standards Board (GSSB)
- 285 • Sulema Pioli, Global Sustainability Standards Board (GSSB)
- 286 • Daniel Taillant, Global Sustainability Standards Board (GSSB)
- 287 • Allan L. Jørgensen & Signe A. Lysgaard, Danish Institute for Human Rights (DIHR)
- 288 • Linda Kromjong, International Organization of Employers (IOE)
- 289 • Margaret Wachenfeld, Institute for Human Rights and Business (IHRB)
- 290 • Lene Wendland, Office of the UN High Commissioner for Human Rights (OHCHR)
- 291 • Damiano de Felice, Measuring Business & Human Rights and Access to Medicine Foundation
- 292 • Margaret Jungk & Dunstan Allison-Hope, Business for Social Responsibility (BSR)

## 293 Annex 2. Overview of GRI Human Rights-related 294 Standards and frequency of reporting

295 Table 1 below lists those GRI Standards and related disclosures that deal directly with human rights,  
296 or have been traditionally identified as ‘human rights-related Standards’ within the GRI framework.

297 However, human rights are intertwined with many issues and, therefore, impacts on human rights  
298 may also be reported in a company’s coverage of other topics, for example those topics regarding  
299 occupational health and safety, customer privacy, or water. See the [GRI website](#) for an overview all  
300 of sustainability topics covered in the GRI Standards.

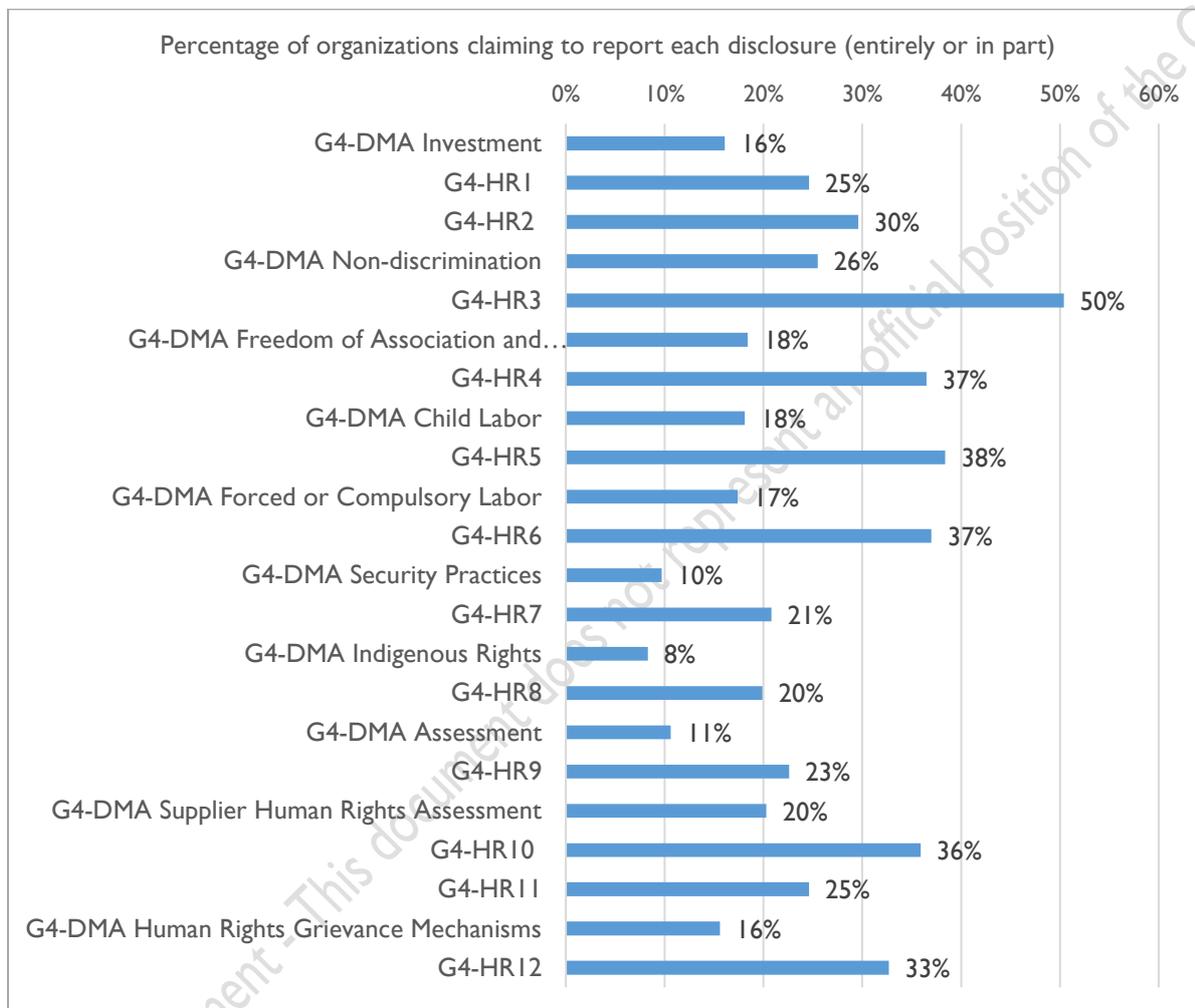
301 **Table 1. Overview of GRI Human Rights-related Standards and disclosures**

GRI Standard	Disclosure
<a href="#">GRI 406: Non-discrimination</a>	<b>Disclosure 406-1</b> Incidents of discrimination and corrective actions taken
<a href="#">GRI 407: Freedom of Association and Collective Bargaining</a>	<b>Disclosure 407-1</b> Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
<a href="#">GRI 408: Child Labor</a>	<b>Disclosure 408-1</b> Operations and suppliers at significant risk for incidents of child labor
<a href="#">GRI 409: Forced or Compulsory Labor</a>	<b>Disclosure 409-1</b> Operations and suppliers at significant risk for incidents of forced or compulsory labor
<a href="#">GRI 410: Security Practices</a>	<b>Disclosure 410-1</b> Security personnel trained in human rights policies or procedures
<a href="#">GRI 411: Rights of Indigenous Peoples</a>	<b>Disclosure 411-1</b> Incidents of violations involving rights of indigenous peoples
<a href="#">GRI 412: Human Rights Assessment</a>	<b>Disclosure 412-1</b> Operations that have been subject to human rights reviews or impact assessments <b>Disclosure 412-2</b> Employee training on human rights policies or procedures <b>Disclosure 412-3</b> Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

302 Figure 2 below presents an overview of how frequently each of the G4 human-rights related  
 303 disclosures is claimed to be reported, based on a sample of over 3000 reports in the GRI  
 304 Benchmark Tool.<sup>17</sup>

305 Data shows that the majority of these disclosures are very infrequently reported. This could suggest  
 306 that the disclosures are not deemed useful for reporters, although further investigation would be  
 307 needed to verify this, or that these topics are infrequently identified as material by organizations.

308 **Figure 2. Frequency of reporting by G4 human rights-related disclosure**



<sup>17</sup> The size of the sample is of 3428 G4 reports published from 2013 until 2016, from 88 different countries, located in 6 regions, with a declared 'in accordance' option (Core or Comprehensive), that have been included in the GRI Sustainability Disclosure Database. When analyzing these G4 Reports, only the claims made in the GRI Content Index have been taken into account; further information such as assurance statements, content of the report, etc., has not been analyzed. G4 Reports are sustainability/Integrated reports based on the GRI G4 Sustainability Reporting Guidelines for which there is a GRI Content Index available. The data available in the database is collected by GRI in collaboration with its data partners and captures all reports of which GRI is aware.

## 309 Annex 3. Draft gap analysis between the Guiding 310 Principles and the GRI Standards

311 This section presents a draft gap analysis between the UN Guiding Principles on Business and  
312 Human Rights and the GRI Standards. This analysis is not definitive; its purpose is to inform the  
313 GSSB discussion. If the GSSB moves ahead with an ad-hoc Technical Committee, the Standards  
314 Division would do further work to refine this gap analysis and would peer review it.

315 Table 2 on the next page presents current areas of alignment between both standards, as well as  
316 possible gaps or areas for improvement in the GRI Standards. Only those Guiding Principles that are  
317 relevant for businesses have been included. The initial high-level findings are presented below.

### 318 **Initial high-level findings**

319 The GRI Standards already include disclosures that enable reporting against many of the Guiding  
320 Principles. Many of these disclosures can be found in the Universal Standards (*GRI 102: General*  
321 *Disclosures* and *GRI 103: Management Approach* primarily), since the Guiding Principles introduce  
322 overarching expectations that do not vary from human right to human right.

323 However, most disclosures in *GRI 102* do not explicitly require reporting on human rights; they  
324 cover social topics or impacts more generally – and some of these disclosures are only required for  
325 the Comprehensive in accordance option.

326 Similarly, the disclosures in *GRI 103* are only required to be reported for material topics. Reporting  
327 on human rights with the Standards is largely subject to materiality and left to the discretion of each  
328 organization. This means there may be room for better articulating in the Standards the universal  
329 expectation to respect human rights introduced by the Guiding Principles.

330 For example, *GRI 102* requires all organizations to report on collective bargaining (Disclosure 102-  
331 41), which is a specific right. However, there is no universal requirement for organizations to report  
332 on their general policy commitment to respect human rights.

333 Another key finding is that the GRI Standards cover only a small sub-set of internationally recognized  
334 human rights, and users of the Standards may not be currently considering the full spectrum of rights  
335 they may impact in their materiality assessment.

336 Additional gaps identified include areas such as the use of remediation processes and leverage, which  
337 may not be sufficiently covered in the Standards in the form of disclosures. In addition, some of the  
338 expectations in the Guiding Principles are currently covered via reporting recommendations or  
339 guidance; not requirements.

340 Finally, the GRI disclosures that relate to the Guiding Principles are currently found across many  
341 Standards and they might be difficult for users to find.

Table 2. Draft gap analysis between the UN Guiding Principles and the GRI Standards

UN Guiding Principles	GRI Standards
<b>II. The Corporate Responsibility to Respect Human Rights</b>	
<b>A. Foundational Principles</b>	
<p><b>11. Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.</b></p> <p><b>14. The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors and with the severity of the enterprise's adverse human rights impacts.</b></p>	<p><b>Existing linkages:</b> The only universal human rights-related requirement in the GRI Standards is Disclosure 102-41 (Percentage of total employees covered by collective bargaining agreements).</p> <p>In addition, there are two other disclosures in <i>GRI 102: General Disclosures</i> which may enable reporting on human rights, although they do not explicitly require this:</p> <ul style="list-style-type: none"> <li>• Disclosure 102-12 (A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses)</li> <li>• Disclosure 102-16 (A description of the organization's values, principles, standards, and norms of behavior)</li> </ul> <p><b>Possible gaps:</b> The GRI Standards require organizations to report on the sustainability topics that have been identified as material, which may include human rights topics.</p> <p>Material topics are those that an organization has prioritized for inclusion in the sustainability report based on the following two dimensions:</p> <ul style="list-style-type: none"> <li>• The significance of the organization's economic, environmental, and social impacts;</li> <li>• Their substantive influence on the assessments and decisions of stakeholders.</li> </ul> <p>This means that, in theory, an organization could prepare a sustainability report in accordance with the GRI Standards without reporting on human rights or how they meet this universal expectation to respect human rights.</p>
<p><b>12. The responsibility of business enterprises to respect human rights refers to internationally recognized human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.</b></p>	<p><b>Possible gaps:</b> The GRI Standards cover only a small sub-set of internationally recognized human rights (see <a href="#">Annex 2</a> of this paper for an overview). Although organizations can report on material topics not covered by the GRI Standards, there is no explicit requirement for organizations to report on whether they have considered the full spectrum of human rights they can impact.</p> <p>The Background context of <i>GRI 412: Human Rights Assessment</i> states that 'Organizations are responsible for their impacts on the entire range of internationally recognized human rights. These rights include, at a minimum, all rights set out in the International Bill of Rights and the principles set out in the International Labour Organization (ILO) 'Declaration on Fundamental Principles and Rights at Work'.</p> <p>However, this Standard is only used if the topic has been identified as material. And as the Benchmark tool data indicates (see <a href="#">Annex 2</a>), this Standard is very infrequently reported; perhaps because this is not a clearly-defined topic, and therefore</p>

UN Guiding Principles	GRI Standards
	few reports are likely to identify this as material for their organization.
<p><b>13. The responsibility to respect human rights requires that business enterprises:</b></p> <p><b>(a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;</b></p> <p><b>(b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.</b></p>	<p><b>Existing linkages:</b> The expectation formulated in GP 13 is addressed by the concept of ‘<u>topic Boundary</u>’ in the GRI Standards. An organization preparing a report in accordance with the GRI Standards is expected to report not only on impacts it causes, but also on impacts it contributes to, and impacts that are directly linked to its activities, products or services through a business relationship. The topic Boundary is the description of where the impacts for a material topic occur, and the organization’s involvement with those impacts (whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships).</p> <p>In addition, Disclosure 103-2-b within <i>GRI 103: Management Approach</i> requires organizations to report the purpose of the management approach for each material topic. The purpose can be to avoid, mitigate, or remediate negative impacts, or to enhance positive impacts.</p>
<p><b>15. In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:</b></p> <p><b>(a) A policy commitment to meet their responsibility to respect human rights;</b></p> <p><b>(b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;</b></p> <p><b>(c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.</b></p>	<p><b>Existing linkages:</b> Disclosure 103-2-c within <i>GRI 103: Management Approach</i> requires, for each material topic, a description of Policies (i), Commitments (ii), Grievance mechanisms (vi) and Specific actions, such as processes, projects, programs and initiatives (vii), if the management approach includes those components.</p> <p><b>Possible gaps:</b> GP 15 formulates expectations for a general human rights policy commitment, due diligence process and remediation processes – which do not change from human right to human right. With the GRI Standards, this information is reported for each material human rights topic.</p> <p>In addition, while the GRI Standards require disclosure of ‘specific actions, such as processes, projects, programs and initiatives’ and ‘grievance mechanisms’; they do not explicitly require disclosure of a human rights due diligence process or remediation processes.</p>
<b>B. OPERATIONAL PRINCIPLES</b>	
<p><b>POLICY COMMITMENT</b></p> <p><b>16. As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that:</b></p> <p><b>(a) Is approved at the most senior level of the business enterprise;</b></p>	<p><b>Existing linkages:</b></p> <p>GP 16(a) may be covered by:</p> <ul style="list-style-type: none"> <li>• Recommendation 1.3.2 for Disclosure 103-2-c-i (Policies)</li> <li>• Recommendations 3.1.3 and 3.1.4 for Disclosure 102-16 (Values, principles, standards, and norms of behavior)</li> <li>• Disclosure 102-26 (Role of highest governance body in setting purpose, values, and strategy)</li> </ul> <p>GP 16(b) may be covered by:</p> <ul style="list-style-type: none"> <li>• Recommendation 3.1.1 for Disclosure 102-16 (Values, principles, standards, and norms of behavior)</li> </ul>

UN Guiding Principles	GRI Standards
<p>(b) Is informed by relevant internal and/or external expertise;</p> <p>(c) Stipulates the enterprise’s human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services;</p> <p>(d) Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties;</p> <p>(e) Is reflected in operational policies and procedures necessary to embed it throughout the business enterprise.</p>	<p>GP 16(c) may be covered by:</p> <ul style="list-style-type: none"> <li>Recommendation 1.3.1 for Disclosure 103-2-c-i (Policies)</li> </ul> <p>GP 16(d) may be covered by:</p> <ul style="list-style-type: none"> <li>Recommendation 1.3 for Disclosure 103-2-c-i (Policies)</li> <li>Recommendations 1.3.1-1.3.5 for Disclosure 102-16 (Values, principles, standards, and norms of behavior)</li> <li>Disclosure 410-1 (Security personnel trained in human rights policies or procedures)</li> <li>Disclosure 412-2 (Employee training on human rights policies or procedures)</li> </ul> <p>GP 16(e) may be covered by:</p> <ul style="list-style-type: none"> <li>Disclosure 412-3 (Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening)</li> <li>Guidance for clause 1.1 in <i>GRI 412: Human Rights Assessment</i></li> </ul> <p><b>Possible gaps:</b> Reporting on the expectations set out in GP 16 (a)-(e) is scattered throughout the GRI Standards. In addition, some of these Disclosure may enable, but do not explicitly require, reporting of human rights.</p>
<p><b>HUMAN RIGHTS DUE DILIGENCE</b></p> <p>17. In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed. Human rights due diligence:</p> <p>(a) Should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships;</p> <p>(b) Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations;</p>	<p><b>Existing linkages:</b></p> <ul style="list-style-type: none"> <li>Disclosure 102-29 requires reporting the ‘highest governance body’s role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes’</li> <li>Disclosure 103-2-c-vii requires organizations to report ‘Specific actions, such as processes, projects, programs and initiatives’, where they exist for managing a material topic. In addition, clause 1.9.5 recommends that the organization explains whether <i>specific actions</i> are part of a due diligence process and aim to avoid, mitigate, or remediate the negative impacts with respect to the topic</li> <li>Guidance for Disclosure 103-1-a: The explanation of why the topic is material can include a description of the process, such as due diligence, that the organization used to identify the impacts related to the topic</li> </ul> <p><b>Possible gaps:</b> Some of these Disclosure may enable, but do not explicitly require, reporting of a human rights due diligence process.</p>

UN Guiding Principles	GRI Standards
<p>(c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise's operations and operating context evolve.</p>	
<p><b>18. In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. This process should:</b></p> <p><b>(a) Draw on internal and/or independent external human rights expertise;</b></p> <p><b>(b) Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation.</b></p>	<p><b>Existing linkages:</b></p> <p>GP 18 may be covered by:</p> <ul style="list-style-type: none"> <li>• Guidance for Disclosure 103-1-a: The explanation of why the topic is material can include a description of the process, such as due diligence, that the organization used to identify the impacts related to the topic</li> <li>• Disclosure 412-1 (Operations that have been subject to human rights reviews or impact assessments)</li> <li>• Disclosure 102-29 requires information on the highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes. As well as information on whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities</li> </ul> <p>GP 18(b) may be covered by:</p> <ul style="list-style-type: none"> <li>• Disclosure 102-21-a (Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics)</li> <li>• Disclosure 102-44 (Key topics and concerns that have been raised through stakeholder engagement)</li> </ul> <p><b>Possible gaps:</b> GP 18(a) is not covered in the GRI Standards.</p>
<p><b>19. In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action.</b></p> <p><b>(a) Effective integration requires that:</b></p> <p><b>(i) Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise;</b></p> <p><b>(ii) Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts.</b></p>	<p><b>Existing linkages:</b> GP 19(a) may be covered by:</p> <ul style="list-style-type: none"> <li>• Disclosure 103-2-c(iv-v), which requires organizations to report 'responsibilities' and 'resources', where they exist for managing a material topic</li> <li>• Disclosure 102-18-b (Committees responsible for decision-making on economic, environmental, and social topics)</li> <li>• Disclosure 102-19 (Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees)</li> <li>• Disclosure 102-20 (Executive-level responsibility for economic, environmental, and social topics)</li> </ul> <p><b>Possible gaps:</b> Some of these Disclosure may enable, but do not explicitly require, reporting of human rights. In addition, Disclosure 103-2-b(ii) requires a description of the organization's involvement with the impacts (whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships); but it does not cover the use of 'leverage'.</p>

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<p>(b) Appropriate action will vary according to:</p> <p>(i) Whether the business enterprise causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship;</p> <p>(ii) The extent of its leverage in addressing the adverse impact.</p>	
<p>20. In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response.</p> <p><b>Tracking should:</b></p> <p>(a) Be based on appropriate qualitative and quantitative indicators;</p> <p>(b) Draw on feedback from both internal and external sources, including affected stakeholders.</p>	<p><b>Existing linkages:</b></p> <ul style="list-style-type: none"> <li>• Disclosure 103-3 requires organizations to report the evaluation of the management approach, for each material topic. The Guidance for this disclosure states that mechanisms for monitoring the effectiveness of the management approach can include, among others, stakeholder feedback.</li> <li>• Disclosure 102-30 requires information on the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.</li> </ul>
<p>21. In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should:</p> <p>(a) Be of a form and frequency that reflect an enterprise's human rights impacts and that are accessible to its intended audiences;</p> <p>(b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved;</p>	<p><b>Existing linkages:</b> The GRI Standards enable organizations to account for how they address their human rights impacts, if identified as material.</p> <p>The GRI Reporting Principles (in particular, Materiality, Stakeholder Inclusiveness, Completeness, Clarity, and Timeliness) in <i>GRI 101: Foundation</i> address the expectations formulated by GP 21 (a-b).</p> <p>GP 21(c) can be addressed via GRI's reasons for omission. See clause 3.2 in <i>GRI 101: Foundation</i>.</p>

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(c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.	
<p><b>REMEDIATION</b></p> <p><b>22. Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.</b></p>	<p><b>Existing linkages:</b> The following disclosures cover the use of remediation plans to address incidents of non-discrimination and violations involving rights of indigenous peoples:</p> <ul style="list-style-type: none"> <li>• Disclosure 406-I (Incidents of discrimination and corrective actions taken)</li> <li>• Disclosure 41 I-I (Incidents of violations involving rights of indigenous peoples)</li> </ul> <p><b>Possible gaps:</b> GP 22 is only covered for two topics in the GRI Standards: non-discrimination and the rights of indigenous peoples.</p>
<p><b>ISSUES OF CONTEXT</b></p> <p><b>23. In all contexts, business enterprises should: (a) Comply with all applicable laws and respect internationally recognized human rights, wherever they operate;</b></p> <p><b>(b) Seek ways to honour the principles of internationally recognized human rights when faced with conflicting requirements;</b></p> <p><b>(c) Treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate.</b></p>	<p><b>Existing linkages:</b> <i>GRI 419: Socioeconomic Compliance</i> addresses the topic of socioeconomic compliance. This includes an organization's overall compliance record, as well as compliance with specific laws or regulations in the social and economic area. Compliance can relate to accounting and tax fraud, corruption, bribery, competition, the provision of products and services, or labor issues, such as workplace discrimination, among others. This includes compliance with international declarations, conventions, and treaties, as well as national, sub-national, regional, and local regulations.</p>
<p><b>24. Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable.</b></p>	<p><b>Existing linkages:</b> GP 24 recommends prioritizing actual and potential adverse human rights impacts according to severity or where delayed response would make them irremediable.</p> <p>The GRI Standards require organizations to report on the sustainability topics that have been identified as material. Material topics are those that an organization has prioritized for inclusion in the sustainability report based on the following two dimensions:</p> <ul style="list-style-type: none"> <li>• The significance of the organization's economic, environmental, and social impacts;</li> <li>• Their substantive influence on the assessments and decisions of stakeholders.</li> </ul> <p><b>Possible gaps:</b> The GRI Standards could provide guidance on the relationship between materiality and the prioritization of human rights impacts based on severity.</p>

UN Guiding Principles	GRI Standards
<b>III. ACCESS TO REMEDY</b>	
<b>B. Operational Principles</b>	
<p><b>NON-STATE-BASED GRIEVANCE MECHANISMS</b></p> <p><b>29. To make it possible for grievances to be addressed early and remediated directly, business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.</b></p>	<p><b>Existing linkages:</b></p> <p>Disclosure 103-2-c-vi requires organizations to report ‘grievance mechanisms’, where they exist for managing a material topic.</p> <p>In addition, clause 1.8.1 recommends that the organization explains ‘the ownership of the mechanism’. When explaining the ownership of the mechanisms, the organization can indicate whether the grievance mechanism is an operational mechanism, or whether it is a collaborative mechanism established by, or formally involving, other organizations.</p>
<p><b>EFFECTIVENESS CRITERIA FOR NON-JUDICIAL GRIEVANCE MECHANISMS</b></p> <p><b>31. In order to ensure their effectiveness, non-judicial grievance mechanisms, both State-based and non-State-based, should be:</b></p> <p><b>(a) Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;</b></p> <p><b>(b) Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;</b></p> <p><b>(c) Predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;</b></p> <p><b>(d) Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;</b></p> <p><b>(e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the</b></p>	<p><b>Existing linkages:</b></p> <p>Disclosure 103-2-c-vi requires organizations to report ‘grievance mechanisms’, where they exist for managing a material topic. In addition, clause 1.8.7 recommends that the organization explains the effectiveness criteria used. The Guidance for this recommendation is aligned with GP 31:</p> <p>‘Effectiveness criteria can include whether the grievance mechanism is legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. For operational-level mechanisms to be effective, they are expected to be based on engagement and dialogue. For a description of each of these criteria, see Guiding Principle 31 in the United Nations (UN) ‘Guiding Principles on Business and Human Rights’.</p>

UN Guiding Principles	GRI Standards
<p>mechanism's performance to build confidence in its effectiveness</p> <p>and meet any public interest at stake;</p> <p><b>(f) Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;</b></p> <p><b>(g) A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;</b></p> <p><b>Operational-level mechanisms should also be:</b></p> <p><b>(h) Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.</b></p>	

Discussion document - This document does not represent an official position of the GSSB