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Item 03 – GSSB Draft Project Proposal for developing a Standard Interpretation for Disclosure 401-I

For GSSB information

Date	8 March 2018
Meeting	22 March 2018
Project	Standard Interpretation for Disclosure 401-I
Description	<p>This paper presents a draft project proposal for developing a Standard Interpretation to clarify the reporting requirements for Disclosure 401-I ‘New employee hires and employee turnover’. <u>The development of this draft project proposal was approved by the GSSB during its meeting on 22 February 2018, for sharing directly with the GRI Board (and SC).</u></p> <p>The paper includes a description of the Due Process Protocol steps for issuing a Standard Interpretation, the proposed text, and suggestions for the placement of the Standard Interpretation.</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.

Project background

Disclosure 401-I 'New employee hires and employee turnover' in *GRI 401: Employment 2016* requires organizations to report the total number and rate of new employee hires and employee turnover during the reporting period, by age group, gender and region.

[Clause 2.1](#) in *GRI 401* further requires organizations to use the total employee numbers at the end of the reporting period to calculate the rates of new employee hires and employee turnover.

A user of the GRI Standards has pointed out that the required methodology in clause 2.1 is not correct. It was further noted that these rates should be calculated by using either the total employee numbers at the beginning of the reporting period or the average number throughout the period.

Upon initial research and consultation, the Standards Division has confirmed that none of the methodologies consulted use the total employee numbers at the end of the reporting period to calculate these rates.

Therefore, the GSSB is starting a project to develop a Standard Interpretation, as provided for in the [GSSB Due Process Protocol](#), to clarify that organizations are not required to comply with clause 2.1 of *GRI 401*.

This paper presents a draft project proposal for issuing this Standard Interpretation. The next sections present the proposed process and content for developing the Standard Interpretation:

Section 1: Due Process Protocol steps for issuing a Standard Interpretation describes the proposed development process for the Standard Interpretation.

Section 2: Proposed text for Standard Interpretation presents the proposed content to be covered in the Standard Interpretation.

Section 3: Proposed placement of Standard Interpretation provides a suggestion for where the Standard Interpretation can be included.

26 **Section I: Due Process Protocol steps for**
 27 **issuing a Standard Interpretation**

28 The development of this Standard Interpretation follows the [GSSB Due Process Protocol](#). The
 29 steps involved in the proposed development process are outlined below:

Due process step	Description / proposal	Completion date
Project Identification and Prioritization	The GSSB votes on the approval, amendment, or rejection of the draft project proposal to share with the GRI Board (as advised by the SC) for review.	22 February 2018 GSSB meeting
Project Commencement	The GSSB considers comments from the GRI Board (as advised by the SC) on the draft project proposal and votes on the approval, amendment, or rejection of the project proposal.	11-12 April 2018 GSSB meeting
Appointment of Project Working Group, as appropriate	The Standards Division recommends to not appoint a Project Working Group to develop the Standard Interpretation.	-
Development of Proposed Standard Interpretation	The Standards Division proposes to not hold a public forum or roundtable, or issue a consultation paper, but to consult with a few content experts to develop the Standard Interpretation.	11-12 April 2018 GSSB meeting
Appointment of <i>ad hoc</i> Technical Committees, as necessary	The Standards Division recommends to not appoint a Technical Committee to develop the Standard Interpretation.	-
Interaction with the GRI Board and Stakeholder Council	The GSSB seeks comment from the GRI Board (as advised by the SC) on the project proposal and any significant issues relating to the development of the Standard Interpretation.	23 March 2018
Approval of Final Interpretation	The GSSB votes on the approval of the final Standard Interpretation.	11-12 April 2018 GSSB meeting
Release of Final Interpretation	Before the release of the Standard Interpretation, the Chair of the GSSB reports to the DPOC that due process has been followed in its development, and obtains the conclusion of the DPOC as to whether due process as defined in the GSSB Due Process Protocol has been followed.	Q2 2018 <i>Note: It is proposed to release this Interpretation together with the revised Standards GRI 303: Water and Effluents and GRI 403: Occupational Health and Safety.</i>

Section 2. Proposed text for Standard Interpretation

INTERPRETATION I TO GRI 401: EMPLOYMENT 2016 ON CALCULATING THE RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Responsibility

This Standard Interpretation is issued by the [Global Sustainability Standards Board \(GSSB\)](#). The full set of GRI Standards and related Interpretations can be downloaded at www.globalreporting.org/standards. Any feedback on the GRI Standards and related Interpretations can be submitted to standards@globalreporting.org for the consideration of the GSSB.

References

Clause 2.1 of *GRI 401: Employment 2016*.

Issue

Disclosure 401-I 'New employee hires and employee turnover' in *GRI 401: Employment 2016* requires organizations to report the total number and rate of new employee hires and employee turnover during the reporting period, by age group, gender and region.

[Clause 2.1](#) in *GRI 401* further requires organizations to use the total employee numbers at the end of the reporting period to calculate the rates of new employee hires and employee turnover.

Feedback from users of the GRI Standards indicated that the required methodology in clause 2.1 is not correct.

Interpretation Statement

An organization is not required to comply with [clause 2.1](#) in *GRI 401: Employment 2016* ('The reporting organization shall use the total employee numbers at the end of the reporting period to calculate the rates of new employee hires and employee turnover').

[Clauses 2.7.2 and 2.7.3](#) in *GRI 101: Foundation 2016* recommend that the organization explains the basis of measurement/calculation where not otherwise apparent and provides absolute data and explanatory notes when using ratios or normalized data, respectively.

Effective date

This Standard Interpretation is effective for reports or other materials published on or after [Day, Month, Year].

60 **Section 3. Proposed placement of**
61 **Standard Interpretation**

62 The Standard Interpretation is proposed to be included as an Annex to *GRI 401: Employment*
63 *2016*. Within the text of *GRI 401*, clause 2.1 will be stricken through and a label will be included
64 alongside it to indicate that the status of this requirement has changed and with a reference to
65 the Standard Interpretation available in the Annex.

66 For example:

Disclosure 401-1
New employee hires and employee turnover

Reporting requirements

Disclosure
401-1

The reporting organization shall report the following information:

- a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.
- b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.

- ☆ 2.1 ~~When compiling the information specified in Disclosure 401-1, the reporting organization shall use the total employee numbers at the end of the reporting period to calculate the rates of new employee hires and employee turnover.~~

Reporting recommendations

- 2.2 When compiling the information specified in Disclosure 401-1, the reporting organization should use data from [Disclosure 102-7](#) in *GRI 102: General Disclosures* to identify the total number of employees.
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