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## Transition to GRI Standards

### *Item 02: General Disclosures SRS Template* **For GSSB Approval**

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<b>Date</b>	21 January 2016
<b>Meeting</b>	4 February 2016
<b>Project</b>	Transition to GRI Standards
<b>Description</b>	As part of the move to become a standard setter, the Global Sustainability Standards Board (GSSB) has decided that the G4 Guidelines need to be transitioned to Sustainability Reporting Standards (SRSs). This paper presents a revised template of the SRS that will contain the G4 General Standard Disclosures.

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# About this version

This paper sets out a revised draft of the Sustainability Reporting Standard 201: General Disclosures, formerly the G4 General Standard Disclosures.

This draft has been revised since December 2015 based on GSSB feedback and also with input from an external standards-writing expert, who led a workshop with the Standards Division in January 2016.

This draft is intended as a template for including the remaining General Standard Disclosures from G4 (e.g., on governance, stakeholder engagement), once the structure and format has been approved by the GSSB.

## *Summary of changes*

The GSSB originally instructed the Standards Division to develop each section of the G4 General Standard Disclosures as a separate SRS. The rationale for this was to allow more rapid updating of each standard and to ensure each subject was given equal status and visibility.

However, since the Standards Division began developing these SRSs, it has become clear that having them as one single SRS, with clear sub-sections, will be a better solution. This internal decision was made in line with feedback from the external standards-writing expert who conducted a workshop with the Standards Division earlier in January.

The strong linkages between many of these sections mean that in practice it will be very hard to revise them in isolation. For example, even if the Governance SRS goes through a review cycle, the changes could likely impact disclosures in the Organizational Profile SRS – however, this SRS might not be under review at the same time. Having five separate SRSs also preserves the current ‘grouping’ of these disclosures, which in some cases is quite subjective. This will limit the ability of the Standards Division to update the General Disclosures comprehensively or to restructure them in the future as new disclosures emerge.

Regarding the concern that each subject receive equal status and visibility, the Standards Division believes this can still be achieved with clear sub-headings and sections within a single SRS. Having a single SRS with all General Standard Disclosures will also be much more accessible from a user perspective and may actually help to ensure users read (and report on) all sections of the SRS – rather than having to open five separate PDFs to find the information.

### **I. Overall structure and format:**

- This SRS is now structured as follows:
  - An **introduction** – which contains all background and ‘boilerplate information’ (e.g., About the SRSs, responsibility for this standard, scope, normative references).
  - The **standard itself** (i.e., requirements and guidance) – with 7 sub-sections:
    - Organizational Profile
    - Ethics and Integrity
    - Governance
    - Stakeholder Engagement
    - Reporting Practice

- 40 – Strategy and Analysis
- 41 – References
- 42 ○ Each General Disclosures section contains:
- 43 – Disclosure requirements – these are phrased using ‘shall’ – this is pulled from
- 44 the G4 Reporting Principles and Standard Disclosures
- 45 – Methodology – these include a mix of ‘shall’ and ‘should’, based on text
- 46 previously in the G4 Implementation Manual (mainly from the ‘Compilation’
- 47 sections)
- 48 – Guidance – background context, explanations, or ‘can’ statements to indicate
- 49 possibility – this is pulled mainly from the G4 Implementation Manual
- 50 ● This SRS now uses the **‘series’ numbering system** discussed with the GSSB in
- 51 December. Each category of SRSs has a unique number series (200 for General
- 52 Disclosures, 400 for Economic Topics, etc.), and will therefore be easily identifiable once
- 53 users are familiar with the new system.
- 54 ● **Numbering within the SRSs** has been revised based on advice from an external
- 55 standards-writing expert. Each requirement (clause) is now numbered separately, which
- 56 will allow future versions to insert or delete clauses without affecting the overall hierarchy.
- 57 ● **Disclosure requirements are now called out in boxes** with a unique identifier based
- 58 on the SRS number – this will replace the current General Disclosures numbers (e.g., G4-
- 59 I).
- 60 Note: within each disclosure requirement, the sub-elements are not numbered. Instead,
- 61 they retain the ‘a, b, c...’ system from G4. This is to help ensure that if disclosure
- 62 requirements are used externally (or outside the context of the SRSs) the numbering will
- 63 still be logical within each disclosure requirement.
- 64 **2. Background (Introduction) sections:**
- 65 ● Based on feedback from the December GSSB meeting, a shortened version of the
- 66 background information on using SRSs is now included. A more complete background
- 67 section will be located in the Foundation SRS and referenced in the other SRSs.
- 68 **3. Clarifying what is required:**
- 69 ● There is now a clearer distinction between **requirements** and **guidance** throughout
- 70 the document:
- 71 ○ All disclosure requirements have a ‘shall’ statement requiring mandatory reporting.
- 72 ○ For existing text from the G4 Implementation Manual:
- 73 – If the Standards Division believed the criteria should be mandatory, the clause
- 74 has been rephrased as a requirement (using ‘shall’)
- 75 – If the Standards Division was unsure of the intent or the mandatory nature of
- 76 the criteria, it has been included as a ‘should’ under ‘Methodology’ or has been
- 77 included in ‘Guidance’
- 78 **4. Content and wording changes:**
- 79 ● Text from the G4 Implementation Manual has been lightly revised in some areas to reduce
- 80 duplication and improve clarity and logic. Content changes as per the agreed revision
- 81 principles, and wording changes, are indicated in comment boxes throughout this SRS.

82 *Required decisions and feedback*

1. Overall structure and format: The GSSB is asked to **approve the overall structure and format** of the SRS as a template for including the remaining General Disclosures from G4 (e.g., on governance, stakeholder engagement).
2. Clarifying what is required: In some cases, the original intent of text from the G4 Implementation Manual was not clear; imperatives, statements and terms such as 'should' and 'may' are used inconsistently. Therefore it requires a judgment by the Standards Division as to whether these clauses should be clarified as requirements (shall), recommendations (should), or as guidance in the new SRSs. The use of new instructive verbs (shall, should, can) has been highlighted in **red** within Methodology and Guidance sections. The original G4 wording is provided within comment boxes for each instance, for the convenience of the GSSB.

The GSSB is asked to please review the Methodology and Guidance sections in this SRS and **indicate if it disagrees with any of the uses of instructive verbs** (e.g., shall, should).

83 Sustainability Reporting Standard 201:  
84 General Disclosures: [Publication Year]

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101 **Introduction**

102 *A. About the Sustainability Reporting Standards (SRSs)*

103 [to be provided]

104 *B. Responsibility for this standard*

105 [to be provided]

106 *C. Scope*

107 [to be provided]

108 *D. Normative References*

109 [to be provided]

110 *E. Effective Date*

111 [to be provided]

112 *F. Background Context*

113 [to be provided]

# 114 SRS 201: General Disclosures

## 115 *1. Organizational Profile*

### 116 **Guidance**

117 These General Disclosures provide an overview of organizational characteristics, in order to  
118 provide context for subsequent, more detailed reporting against other SRSs.

### 119 **Name of the reporting organization**

#### 120 **Disclosure requirements**

121 1.1 The reporting organization shall report disclosure 201-1 as follows:

#### **Disclosure 201-1**

- a. Name of the reporting organization.

### 122 **Brands, products, and services**

#### 123 **Disclosure requirements**

124 1.2 The reporting organization shall report disclosure 201-2 as follows:

#### **Disclosure 201-2**

- a. Primary brands, products, and services.

### 125 **Location of headquarters**

#### 126 **Disclosure requirements**

127 1.3 The reporting organization shall report disclosure 201-3 as follows:

#### **Disclosure 201-3**

- a. Location of the reporting organization's headquarters.

### 128 **Location of operations**

#### 129 **Disclosure requirements**

130 1.4 The reporting organization shall report disclosure 201-4 as follows:

**Disclosure 201-4**

- a. Number of countries where the reporting organization operates, and the names of countries where the organization has significant operations or operations that are relevant to the sustainability topics covered in the report.

131 **Ownership and legal form**132 **Disclosure requirements**

- 133 1.5 The reporting organization shall report disclosure 201-5 as follows:

**Disclosure 201-5**

- a. Nature of ownership and legal form.

134 **Markets served**135 **Disclosure requirements**

- 136 1.6 The reporting organization shall report disclosure 201-6 as follows:

**Disclosure 201-6**

- a. Markets served, including:
  - i. geographic locations where products and services are offered
  - ii. sectors served
  - iii. types of customers and beneficiaries

137 **Scale of the reporting organization**138 **Disclosure requirements**

- 139 1.7 The reporting organization shall report disclosure 201-7 as follows:

**Disclosure 201-7**

- a. Scale of the reporting organization, including:
  - i. total number of employees
  - ii. total number of operations
  - iii. net sales (for private sector organizations) or net revenues (for public sector organizations)
  - iv. total capitalization (for private sector organizations), with a breakdown in terms of debt and equity
  - v. total number of units of products and services sold or provided

140 **Methodology**

- 141 1.8 The reporting organization
- should**
- provide the following additional information:

- 142 1.8.1 Total assets

- 143 1.8.2 Beneficial ownership, including the identity, and percentage of ownership, of the
- 144 largest shareholders
- 145 1.8.3 Breakdowns of:
- 146 1.8.3.1 net sales or net revenues by countries or regions that make up 5 per cent
- 147 or more of total revenues
- 148 1.8.3.2 costs by countries or regions that make up 5 per cent or more of total costs
- 149 1.8.3.3 total number of employees by country or region

150 **Size and composition of workforce**

151 **Guidance**

152 The size and composition of a workforce provides insight into the scale of impacts created by  
 153 labor issues. They are also standard normalizing factors for many other disclosure requirements  
 154 in the SRSs.

155 A rise or fall in net employment, evidenced by data reported over the course of three or more  
 156 years, is an important indicator of an organization’s contribution to the stability and economic  
 157 development of its workforce.

158 **Disclosure requirements**

159 1.9 The reporting organization shall report disclosure 201-8 as follows:

<b>Disclosure 201-8</b>
<ul style="list-style-type: none"> <li>a. Total number of employees by employment contract.</li> <li>b. Total number of permanent employees by employment type.</li> <li>c. Total workforce by employees and supervised workers and by gender.</li> <li>d. Total workforce by region and gender.</li> <li>e. Whether a substantial portion of the organization’s work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</li> <li>f. Significant variations in employment numbers (such as seasonal variations in the tourism or agricultural industries).</li> </ul>

160 **Methodology**

- 161 1.10 In compiling the information in 1.9, the reporting organization:
- 162 1.10.1 **shall** exclude supply chain workers other than employees or supervised employees
- 163 of contractors.
- 164 1.10.2 **shall** use numbers as at the end of the reporting period, unless there has been a
- 165 material change in the reporting period,.

- 166 1.10.3 **should** express employee numbers as either head count or Full Time Equivalent
- 167 (FTE), with the chosen approach stated and applied consistently.
- 168 1.10.4 **should** identify the contract type and full-time and part-time status of employees
- 169 based on the definitions under the national laws of the country where they are based.
- 170 1.10.5 **should** combine country statistics to calculate global statistics and disregard
- 171 differences in legal definitions. Although the definitions of what constitutes types of
- 172 contract and a full-time or part-time employment relationship vary between
- 173 countries, the global figure will still reflect the relationships under law.

**Guidance**

When reporting 201-8-c, the reporting organization **can** combine the two breakdowns as follows:

201-8-c	Employees	Supervised employees
Female		
Male		
Totals		
Total workforce		

When reporting 201-8-d, the reporting organization **can** combine the two breakdowns as follows:

201-8-d	Female	Male	Total workforce, by region
Region 1			
Region 2			
Region 3			
Total workforce, by gender			
Total workforce			

174 **Supply chain**

175 **Guidance**

176 Disclosure 201-9 sets the overall context for understanding the organization’s supply chain.

177 **Disclosure requirements**

178 I.11 The reporting organization shall report disclosure 201-9 as follows:

**Disclosure 201-9**

- a. Description of the reporting organization’s supply chain.

179 **Methodology**

180 I.12 The reporting organization **should** describe the elements of the supply chain in relation to  
 181 the organization’s primary activities, products, and services.

**Guidance**

Examples of elements that **can** be covered in the description include:

- the total number of suppliers engaged by the reporting organization and the estimated number of suppliers throughout the supply chain
- the geographic location of suppliers
- the types of suppliers engaged
- the estimated monetary value of payments made to suppliers
- the supply chain’s sector-specific characteristics

182 **Significant changes**

183 **Disclosure requirements**

184 I.13 The reporting organization shall report disclosure 201-10 as follows:

**Disclosure 201-10**

- a. Significant changes to the reporting organization’s size, structure, ownership, or its supply chain, including:
  - i. changes in the location or type of operations
  - ii. changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)
  - iii. changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination

185

**Guidance**

Significant changes to the supply chain are those that cause or contribute to significant impacts.

Examples of significant changes can include:

- moving parts of the supply chain from one country to another

- changing the structure of the supply chain, such as outsourcing a significant part of the organization’s activities

186 **Precautionary Principle or approach**

187 **Guidance**

188 The precautionary approach was introduced by the United Nations in Principle 15 of ‘The Rio  
 189 Declaration on Environment and Development’: ‘In order to protect the environment, the  
 190 precautionary approach shall be widely applied by States according to their capabilities. Where  
 191 there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used  
 192 as a reason for postponing cost-effective measures to prevent environmental degradation.’

193 **Disclosure requirements**

194 I.14 The reporting organization shall report disclosure 201-11 as follows:

**Disclosure 201-11**

- a. Whether and how the reporting organization applies the Precautionary Principle or approach.

195 **Guidance**

196 Disclosure 201-11 **can** include the reporting organization’s approach to risk management in  
 197 operational planning or the development and introduction of new products.

198 **External initiatives**

199 **Disclosure requirements**

200 I.15 The reporting organization shall report disclosure 201-12 as follows:

**Disclosure 201-12**

- a. List of externally-developed economic, environmental and social charters, principles, or other initiatives to which the reporting organization subscribes or which it endorses.

201 **Methodology**

202 I.16 The reporting organization **should** include the date of adoption, the countries or operations  
 203 where applied, and the range of stakeholders involved in the development and governance  
 204 of these initiatives.

205 I.17 The reporting organization **should** differentiate between non-binding, voluntary initiatives  
 206 and obligatory initiatives.

207 **Membership of associations**

208 **Disclosure requirements**

209 I.18 The reporting organization shall report disclosure 201-13 as follows:

<b>Disclosure 201-13</b>
a. List of memberships of industry or other associations, and national or international advocacy organizations.

210 **Methodology**

211 I.19 In compiling the information in I.18, the reporting organization shall include only  
212 associations or organizations in which it either holds a position on the governance body,  
213 participates in projects or committees, provides substantive funding beyond routine  
214 membership dues, or views its membership as strategic.

215 **2. Ethics and Integrity**

**Guidance**

These General Disclosures provide an overview of the reporting organization’s:

- values, principles, standards and norms
- internal and external mechanisms for seeking advice on ethical and lawful behavior
- internal and external mechanisms for reporting concerns about unethical or unlawful behavior and matters of integrity

216 **Values, principles, standards and norms of behavior**

**Guidance**

218 Values, principles, standards and norms of behavior **can** include codes of conduct and ethics.

**Disclosure requirements**

220 2.1 The reporting organization shall report disclosure 201-14 as follows:

<b>Disclosure 201-14</b>
<p>a. Description of the reporting organization’s values, principles, standards and norms of behavior.</p>



**Methodology**

222 2.2 The reporting organization **should** provide the following additional information about its  
223 values, principles, standards and norms of behavior:

224 2.2.1 How they were developed and approved

225 2.2.2 Whether training on them is provided regularly to all, and to new, governance body  
226 members, employees, and business partners

227 2.2.3 Whether they need to be read and signed regularly by all, and by new, governance  
228 body members, employees, and business partners

229 2.2.4 Whether there are any executive-level positions with responsibility for them

230 2.2.5 Whether they are available in different languages to reach all governance body  
231 members, employees, business partners and other stakeholders

**Guidance**

233 The highest governance body’s and senior executives’ roles in the development, approval, and  
234 updating of value statements is covered under **G4-42**.

235

236 **Mechanisms for advice and concerns about ethics**

237 **Guidance**

238 Mechanisms for seeking advice about ethical and lawful behavior, and organizational integrity, **can**  
 239 include helplines and advice lines.

240 Mechanisms for reporting concerns about unethical and unlawful behavior, and organizational  
 241 integrity, are systems or processes through which a person or organization can report illegal,  
 242 irregular, dangerous or unethical practices related to the reporting organization’s operations.  
 243 Reporting mechanisms **can** include escalation through line management, whistleblowing  
 244 mechanisms or hotlines.

245 **Disclosure requirements**

246 2.3 The reporting organization shall report disclosure 201-15 as follows:

**Disclosure 201-15**

- a. Internal and external mechanisms for:
  - i. seeking advice about ethical and lawful behavior, and organizational integrity
  - ii. reporting concerns about unethical and unlawful behavior, and organizational integrity

**Guidance**

Examples of elements that **can** be covered in the description include:

- who is assigned the overall responsibility for the mechanisms
- whether any are independent of the reporting organization
- whether and how employees, business partners and other stakeholders are informed of the mechanisms
- whether training on them is given to employees and business partners
- the availability and accessibility of the mechanisms to employees and business partners, such as the total number of hours per day, days per week, and availability in different languages
- whether requests for advice and concerns are treated confidentially
- whether the mechanisms can be used anonymously
- the total number of requests for advice received, their type, and the percentage that were answered during the reporting period
- the total number of concerns reported, the type of misconduct reported, and the percentage of concerns that were addressed, resolved or found to be unsubstantiated during the reporting period
- whether the reporting organization has a non-retaliation policy
- the process through which concerns are investigated
- the level of satisfaction of those who used the mechanisms

247 **3. Governance**

248 [to be provided]

249 **Collective bargaining**

250 **Guidance**

251 Freedom of association is a human right as defined by international declarations and conventions,  
252 particularly ILO Conventions 87 ‘Freedom of Association and Protection of the Right to Organise  
253 Convention’ and 98 ‘Right to Organise and Collective Bargaining Convention’. Collective  
254 bargaining is an important form of stakeholder engagement and particularly relevant for reporting  
255 guidelines. It is a form of stakeholder engagement that helps build institutional frameworks and is  
256 seen by many as contributing to a stable society. Together with corporate governance, collective  
257 bargaining is part of an overall framework that contributes to responsible management. It is an  
258 instrument used by parties to facilitate collaborative efforts to enhance the positive social impacts  
259 of an organization. The percentage of employees covered by collective bargaining agreements is  
260 the most direct way to demonstrate an organization’s practices in relation to freedom of  
261 association.

262 **Disclosure requirements**

263 3.1 The reporting organization shall report disclosure 201-16 as follows:

<i>Disclosure 201-16</i>
a. Percentage of total employees covered by collective bargaining agreements.

264 **Guidance**

265 The reporting organization **can** use data from disclosure 201-8 as the basis for calculating this  
266 percentage.

267 *4. Stakeholder Engagement*

268 [to be provided]

269 *5. Reporting Practice*

270 [to be provided]

271 *6. Strategy and Analysis*

272 [to be provided]

273 **7. References****Guidance**

The following documents informed the development of this SRS. Familiarity with these documents **is recommended**, as they can improve understanding of the disclosure requirements.

- International Labour Organization (ILO), *Key Indicators of the Labour Market (KILM)*, <http://kilm.ilo.org/kilmnet>, accessed on 1 May 2013.
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- United Nations (UN), Composition of macro geographical (continental) regions, geographical sub-regions, and selected economic and other groupings, <http://unstats.un.org/unsd/methods/m49/m49regin.htm>, accessed on 1 May 2013.
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