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

For GSSB discussion

Date 13 March 2017
Meeting 21-22 March 2017, Amsterdam
Project Review of GRI’s Human Rights-related Standards
Description 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., GRI 408: Child Labor, GRI 409: Forced or Compulsory Labor, and GRI 412: Human Rights Assessment, amongst others), and could result in merging or restructuring the Standards.

This paper outlines an initial proposal for GSSB discussion on the possible objectives, scope and process for this review.
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About this paper

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

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

As input for the preparation of this paper, the GRI Standards Division interviewed GSSB members and other business and human rights experts (see Annex 1 of this paper), and reviewed relevant instruments and literature in this area (these are referenced in footnotes throughout the paper).

Input requested from the GSSB

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

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

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

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

The GSSB is asked to give input on the proposed objectives, scope and process outlined in this paper, and to flag any additional developments and/or improvement areas that 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. 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.

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.

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2. [https://www.globalreporting.org/information/g4/G3andG3-1/g3-1-guidelines/Pages/Human-Rights-and-Reporting.aspx](https://www.globalreporting.org/information/g4/G3andG3-1/g3-1-guidelines/Pages/Human-Rights-and-Reporting.aspx)
Recent developments in business and human rights

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

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

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

The last few years have also seen new business and human rights reporting frameworks emerge, such as the UN Guiding Principles Reporting Framework published in 2013.5 The Danish Institute for Human Rights updated its Human Rights Compliance Assessment tool and indicators in 2016.6 And last year, the Corporate Human Rights Benchmark pilot methodology was also launched, the results of which will be published on 13 March 2017.7

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

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

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5 http://www.ungpreporting.org/
6 https://hrca2.humanrightsbusiness.org/
In February of 2017, the French Parliament adopted corporate duty of vigilance law, which establishes a legally binding obligation for parent companies to identify and prevent adverse human rights and environmental impacts resulting from their own activities, from activities of companies they control, and from activities of their subcontractors and suppliers, with whom they have an established commercial relationship.

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

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

Finally, in 2014, the UN Human Rights Council decided to establish an open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, whose mandate is to elaborate an international legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises. The working group will hold its third session from 23 to 27 October 2017.

While the timeline for this treaty is unclear, experts consulted have commented that the negotiation process will likely take many years.

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12 http://www.ohchr.org/EN/HRBodies/HRC/WGTransCorp/Pages/IGWGOnTNC.aspx
Summary of expert interviews and literature review

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

Views on basic expectations for how business should approach human rights

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

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

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

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

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

There could be different options for introducing a ‘universal’ requirement for human rights reporting in the Standards – this could go into GRI 102: General Disclosures or GRI 103: Management Approach.

Experts advise that such requirements should not be detailed, and could be accompanied by an expanded overarching or umbrella human rights standard.

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

Views on basic expectations for what businesses should report about their approach to human rights

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

- their policy commitment to respect human rights
- their due diligence process to identify human rights risks, including their stakeholder engagement process
- what their human rights risks are and the organization’s relationship to those risks (cause, contribute to, or directly linked to via business relationships)
what they are doing to address human rights risks (including the use of leverage and the provision of remedy)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Experts agree that existing GRI disclosures may have limitations and may not reflect best measurement of the associated impacts. For example, GRI Disclosure 411-1 asks companies to report the ‘total number of identified incidents of violations involving rights of indigenous peoples’.

One expert comments that this indicator risks being an invalid measure of the adverse human rights impacts by corporations because it does not take into account numerous contextual factors that can affect the ‘score’ of a company (such as whether reduction in the number of incidents may have resulted from the previous (unjustified) arrest of all indigenous leaders).

Some experts comment that from a human rights perspective, every adverse human rights impact is one too many; there is no need to count and measure.\(^{15}\)

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

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


Initial proposal for discussion

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

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

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

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

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

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

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

Content development must follow the GSSB Due Process protocol, and includes public exposure of draft standards.

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

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

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

**Next steps**

Following GSSB feedback, the Standards Division will prepare a Project Proposal for feedback from the GRI Board of Directors and Stakeholder Council and approval by the GSSB between April and May 2017.
Annex 1. Business and Human Rights experts consulted

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

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

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

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. See the GRI website for an overview all of sustainability topics covered in the GRI Standards.

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Disclosure</th>
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<tbody>
<tr>
<td><strong>GRI 406: Non-discrimination</strong></td>
<td>Disclosure 406-1 Incidents of discrimination and corrective actions taken</td>
</tr>
<tr>
<td><strong>GRI 407: Freedom of Association and Collective Bargaining</strong></td>
<td>Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</td>
</tr>
<tr>
<td><strong>GRI 408: Child Labor</strong></td>
<td>Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor</td>
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<tr>
<td><strong>GRI 409: Forced or Compulsory Labor</strong></td>
<td>Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor</td>
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<tr>
<td><strong>GRI 410: Security Practices</strong></td>
<td>Disclosure 410-1 Security personnel trained in human rights policies or procedures</td>
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<tr>
<td><strong>GRI 411: Rights of Indigenous Peoples</strong></td>
<td>Disclosure 411-1 Incidents of violations involving rights of indigenous peoples</td>
</tr>
<tr>
<td><strong>GRI 412: Human Rights Assessment</strong></td>
<td>Disclosure 412-1 Operations that have been subject to human rights reviews or impact assessments Disclosure 412-2 Employee training on human rights policies or procedures Disclosure 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</td>
</tr>
</tbody>
</table>
Figure 2 below presents an overview of how frequently each of the G4 human-rights related disclosures is claimed to be reported, based on a sample of over 3000 reports in the GRI Benchmark Tool.\(^1\)

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

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

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\(^{1}\) 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.
Annex 3. Draft gap analysis between the Guiding Principles and the GRI Standards

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

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

**Initial high-level findings**

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

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

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

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

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

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

Finally, the GRI disclosures that relate to the Guiding Principles are currently found across many Standards and they might be difficult for users to find.
Table 2. Draft gap analysis between the UN Guiding Principles and the GRI Standards

<table>
<thead>
<tr>
<th>UN Guiding Principles</th>
<th>GRI Standards</th>
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<tbody>
<tr>
<td>II. The Corporate Responsibility to Respect Human Rights</td>
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<tr>
<td>A. Foundational Principles</td>
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<tr>
<td>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.</td>
<td>Existing linkages: The only universal human rights-related requirement in the GRI Standards is Disclosure 102-41 (Percentage of total employees covered by collective bargaining agreements). In addition, there are two other disclosures in GRI 102: General Disclosures which may enable reporting on human rights, although they do not explicitly require this:</td>
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<td>• 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)</td>
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<td></td>
<td>• Disclosure 102-16 (A description of the organization’s values, principles, standards, and norms of behavior)</td>
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<td>Possible gaps: The GRI Standards require organizations to report on the sustainability topics that have been identified as material, which may include human rights topics. Material topics are those that an organization has prioritized for inclusion in the sustainability report based on the following two dimensions:</td>
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<td>• The significance of the organization’s economic, environmental, and social impacts;</td>
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<td></td>
<td>• Their substantive influence on the assessments and decisions of stakeholders.</td>
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<td>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.</td>
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<td>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.</td>
<td>Possible gaps: The GRI Standards cover only a small sub-set of internationally recognized human rights (see Annex 2 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.</td>
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<td>The Background context of GRI 412: Human Rights Assessment 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’.</td>
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<td></td>
<td>However, this Standard is only used if the topic has been identified as material. And as the Benchmark tool data indicates (see Annex 2), this Standard is very infrequently reported; perhaps because this is not a clearly-defined topic, and therefore</td>
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<tr>
<td>UN Guiding Principles</td>
<td>GRI Standards</td>
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<tr>
<td>13. The responsibility to respect human rights requires that business enterprises:</td>
<td><strong>Existing linkages</strong>: The expectation formulated in GP 13 is addressed by the concept of 'topic Boundary' 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). In addition, Disclosure 103-2-b within GRI 103: Management Approach 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.</td>
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<td>(a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;</td>
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<tr>
<td>(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.</td>
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<td><strong>Existing linkages</strong>: <strong>Disclosure 103-2-c within GRI 103:</strong> Management Approach 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. <strong>Possible gaps</strong>: 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. 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.</td>
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<td>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:</td>
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<td>(a) A policy commitment to meet their responsibility to respect human rights;</td>
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<td>(b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;</td>
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<td>(c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.</td>
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<td><strong>Existing linkages</strong>: Disclosure 103-2-c within GRI 103: Management Approach 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. <strong>Possible gaps</strong>: 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. 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.</td>
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<td><strong>B. OPERATIONAL PRINCIPLES</strong></td>
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<td><strong>POLICY COMMITMENT</strong></td>
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<td>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:</td>
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<td>(a) Is approved at the most senior level of the business enterprise;</td>
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<tr>
<td>GP 16(a) may be covered by:</td>
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<tr>
<td>• Recommendation 1.3.2 for Disclosure 103-2-c-i (Policies)</td>
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<tr>
<td>• Recommendations 3.1.3 and 3.1.4 for Disclosure 102-16 (Values, principles, standards, and norms of behavior)</td>
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<tr>
<td>• Disclosure 102-26 (Role of highest governance body in setting purpose, values, and strategy)</td>
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<td>GP 16(b) may be covered by:</td>
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<tr>
<td>• Recommendation 3.1.1 for Disclosure 102-16 (Values, principles, standards, and norms of behavior)</td>
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<td>UN Guiding Principles</td>
<td>GRI Standards</td>
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<td>(b) Is informed by relevant internal and/or external expertise;</td>
<td>GP 16(c) may be covered by:</td>
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<tr>
<td>(c) Stipulates the enterprise’s human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services;</td>
<td>• Recommendation 1.3.1 for Disclosure 103-2-c-i (Policies)</td>
</tr>
<tr>
<td>(d) Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties;</td>
<td>GP 16(d) may be covered by:</td>
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<tr>
<td>(e) Is reflected in operational policies and procedures necessary to embed it throughout the business enterprise.</td>
<td>• Recommendation 1.3 for Disclosure 103-2-c-i (Policies)</td>
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<td>• Recommendations 1.3.1-1.3.5 for Disclosure 102-16 (Values, principles, standards, and norms of behavior)</td>
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<td></td>
<td>• Disclosure 410-1 (Security personnel trained in human rights policies or procedures)</td>
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<td>• Disclosure 412-2 (Employee training on human rights policies or procedures)</td>
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<td>GP 16(e) may be covered by:</td>
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<td></td>
<td>• Disclosure 412-3 (Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening)</td>
</tr>
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<td></td>
<td>• Guidance for clause 1.1 in GRI 412: Human Rights Assessment</td>
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<tr>
<td><strong>Possible gaps:</strong> 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.</td>
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**HUMAN RIGHTS DUE DILIGENCE**

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:

(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;

(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;

**Existing linkages:**

- 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’
- 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 specific actions are part of a due diligence process and aim to avoid, mitigate, or remediate the negative impacts with respect to the topic
- 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

**Possible gaps:** Some of these Disclosure may enable, but do not explicitly require, reporting of a human rights due diligence process.
### UN Guiding Principles

(c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise’s operations and operating context evolve.

### GRI Standards

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:

- (a) Draw on internal and/or independent external human rights expertise;
- (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.

**Existing linkages:**

GP 18 may be covered by:

- 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
- Disclosure 412-1 (Operations that have been subject to human rights reviews or impact assessments)
- 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

GP 18(b) may be covered by:

- Disclosure 102-21-a (Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics)
- Disclosure 102-44 (Key topics and concerns that have been raised through stakeholder engagement)

**Possible gaps:** GP 18(a) is not covered in the GRI Standards.

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.

- (a) Effective integration requires that:
  - (i) Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise;
  - (ii) Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts.

**Existing linkages:**

GP 19(a) may be covered by:

- Disclosure 103-2-c(iv-v), which requires organizations to report ‘responsibilities’ and ‘resources’, where they exist for managing a material topic
- Disclosure 102-18-b (Committees responsible for decision-making on economic, environmental, and social topics)
- Disclosure 102-19 (Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees)
- Disclosure 102-20 (Executive-level responsibility for economic, environmental, and social topics)

**Possible gaps:** 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’.
### UN Guiding Principles

(b) Appropriate action will vary according to:

(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;

(ii) The extent of its leverage in addressing the adverse impact.

20. In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response.

**Tracking should:**

(a) Be based on appropriate qualitative and quantitative indicators;

(b) Draw on feedback from both internal and external sources, including affected stakeholders.

### GRI Standards

**Existing linkages:**

- 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.

- 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.

### Existing linkages:

- The GRI Standards enable organizations to account for how they address their human rights impacts, if identified as material.

- The GRI Reporting Principles (in particular, Materiality, Stakeholder Inclusiveness, Completeness, Clarity, and Timeliness) in GRI 101: Foundation address the expectations formulated by GP 21(a-b).

- GP 21(c) can be addresses via GRI’s reasons for omission. See clause 3.2 in GRI 101: Foundation.
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<th>UN Guiding Principles</th>
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<td>(c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.</td>
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</table>

**REMEDATION**

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.

**Existing linkages:** The following disclosures cover the use of remediation plans to address incidents of non-discrimination and violations involving rights of indigenous peoples:

- Disclosure 406-1 (Incidents of discrimination and corrective actions taken)
- Disclosure 411-1 (Incidents of violations involving rights of indigenous peoples)

**Possible gaps:** GP 22 is only covered for two topics in the GRI Standards: non-discrimination and the rights of indigenous peoples.

**ISSUES OF CONTEXT**

23. In all contexts, business enterprises should:

(a) Comply with all applicable laws and respect internationally recognized human rights, wherever they operate;

(b) Seek ways to honour the principles of internationally recognized human rights when faced with conflicting requirements;

(c) Treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate.

**Existing linkages:**

- **GRI 419: Socioeconomic Compliance** 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.

**Possible gaps:** The GRI Standards could provide guidance on the relationship between materiality and the prioritization of human rights impacts based on severity.

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.

**Existing linkages:**

- GP 24 recommends prioritizing actual and potential adverse human rights impacts according to severity or where delayed response would make them irremediable.

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:

- The significance of the organization’s economic, environmental, and social impacts;
- Their substantive influence on the assessments and decisions of stakeholders.

**Possible gaps:** The GRI Standards could provide guidance on the relationship between materiality and the prioritization of human rights impacts based on severity.
<table>
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<td><strong>III. ACCESS TO REMEDY</strong></td>
<td><strong>B. Operational Principles</strong></td>
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<td><strong>NON-STATE-BASED GRIEVANCE MECHANISMS</strong></td>
<td><strong>Existing linkages:</strong></td>
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<td>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.</td>
<td>Disclosure 103-2-c-vi requires organizations to report ‘grievance mechanisms’, where they exist for managing a material topic. 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.</td>
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<p>| EFFECTIVENESS CRITERIA FOR NON-JUDICIAL GRIEVANCE MECHANISMS | <strong>Existing linkages:</strong> |
| 31. In order to ensure their effectiveness, non-judicial grievance mechanisms, both State-based and non-State-based, should be: | 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: |
| (a) Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes; | ‘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’.’ |
| (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; | |
| (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; | |
| (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; | |
| (e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the | |</p>
<table>
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<td>mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;</td>
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<td>(f) Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;</td>
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<td>(g) A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;</td>
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<td>Operational-level mechanisms should also be:</td>
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<td>(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.</td>
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