



# Item 05 – Final Project Proposal for the Review of GRI’s Human Rights-related Standards

## For GSSB discussion and approval

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**Date** 10 May 2017

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**Meeting** 24 May 2017

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**Project** Review of GRI’s Human Rights-related Standards

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**Description** This paper sets out the final project proposal for the review of GRI’s human rights-related Standards, for the approval of the GSSB.

The proposal has been slightly revised based on input during the GSSB meeting on 26 April 2017, as well as with comments from selected members of the GRI Board and Stakeholder Council (see [Annex A](#) for the full set of Board and Stakeholder Council comments received).

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# About this paper

The Global Sustainability Standards Board (GSSB) has identified human rights as a priority area for reviewing the GRI Sustainability Reporting Standards in its [2017-2019 Work Program](#). 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.

A [draft project proposal](#) was prepared in early April by the Standards Division, and circulated for comments and feedback from the GSSB, the GRI Stakeholder Council and GRI Board.

That draft proposal incorporated initial feedback from the GSSB on a [discussion paper](#), which was discussed during a public meeting on 22 March 2017. Initial feedback from the GSSB included:

- Expanding the scope of the project to explore the feasibility of applying key concepts of the UN Guiding Principles on Business and Human Rights ('due diligence', 'business relationships' and 'salience') to other areas of the Standards beyond just human rights.
- Carrying out consultation with reporting organizations to understand current reporting practices and reasons why organizations do not report on their human rights-related impacts.

This paper sets out now the final proposal for this review project, for the approval of the GSSB.

## Changes since previous version

This project proposal has been further revised based on input during the GSSB meeting on 26 April 2017, as well as with comments received via email from selected members of the GRI Board and Stakeholder Council (see [Annex A](#) for a full set of those comments). The following changes have been made:

- In addition to the UN Guiding Principles on Business and Human Rights, other instruments of the UN, the ILO and the OECD will also be taken into account when ensuring alignment with authoritative intergovernmental instruments (line 108).
- The paragraph in lines 109-112 has been slightly amended to specify that the concept of 'salience' should be explored in the context of 'due diligence', and to expand the scope to also include situations in which responsibility is created by the relationship of an enterprise to adverse impacts (cause, contribute and directly linked to).

## 30 Project background

### 31 *Latest developments in the business and human rights field*

32 Since the last update of the GRI human rights-related disclosures in 2011, the United Nations  
33 Guiding Principles on Business and Human rights – released that same year – have become the  
34 authoritative global reference for preventing and addressing adverse impacts on human rights arising  
35 from business-related activity. As a result, companies now have a better understanding of their  
36 responsibilities vis-à-vis human rights, which they can consequently incorporate into their reporting  
37 processes.<sup>1</sup>

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

43 In a May 2015 report, the Working Group noted that the greatest progress with regard to uptake of  
44 the Principles had so far been the integration of key elements in global standards and initiatives  
45 relating to responsible business conduct. Among the most notable frameworks with potential for  
46 driving further progress, the Working Group reflected on the contributions of frameworks such as  
47 the OECD Guidelines for Multinational Enterprises (as well as emerging, related guidance within the  
48 OECD system), ISO 26000, GRI-G4, as well as sector-specific initiatives by industry bodies (e.g.,  
49 ICMM and IPIECA) or involving the United Nations (e.g., the Global Compact and the UNEP Finance  
50 Initiative).<sup>2</sup>

51 The last few years have also seen new business and human rights reporting frameworks and  
52 initiatives emerge, such as the UN Guiding Principles Reporting Framework published in 2015 by  
53 Shift and Mazars, or the Corporate Human Rights Benchmark pilot methodology launched in 2016 –  
54 the results of which were published on 13 March 2017.<sup>3 4</sup> The Danish Institute for Human Rights  
55 also updated its Human Rights Compliance Assessment tool and indicators in 2016.<sup>5</sup>

56 An increasing number of States in different regions are also taking steps towards national action  
57 plans on business and human rights. To date, 13 states have produced a national action plan to  
58 implement the Guiding Principles, and 22 other states are in the process of developing one or have  
59 committed to doing so.<sup>6</sup> In 2016, GRI and the Danish Institute for Human Rights partnered to  
60 promote sustainability reporting as part of governments' ongoing development and implementation  
61 of national action plans on business and human rights.<sup>7</sup>

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<sup>1</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>2</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>3</sup> <http://www.ungpreporting.org/>

<sup>4</sup> <https://business-humanrights.org/en/corporate-human-rights-benchmark>

<sup>5</sup> <https://hrca2.humanrightsbusiness.org/>

<sup>6</sup> <http://www.ohchr.org/EN/Issues/Business/Pages/NationalActionPlans.aspx>

<sup>7</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>

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

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

70 In 2016, the UK adopted the Transparency in Supply Chain Clause of the Modern Slavery Act. This  
71 provision requires companies domiciled or doing business in the UK to report on the measures they  
72 take to prevent slavery or human rights trafficking in their supply chains. This also follows the  
73 California Transparency in Supply Chains Act – signed into law in October 2010 and into effect since  
74 January 2012 – which requires certain companies to report on their specific actions to eradicate  
75 slavery and human trafficking in their supply chains.<sup>8</sup>

76 Another example is the EU Non-Financial Reporting Directive, under which 6,000 large EU  
77 companies and financial corporations are required to report on their principal impacts and risks  
78 regarding human rights, environmental, social and labor, and anti-corruption matters, including the  
79 due diligence processes implemented to address these issues.<sup>9</sup>

80 Finally, in 2014, the UN Human Rights Council decided to establish an open-ended  
81 intergovernmental working group on transnational corporations and other business enterprises with  
82 respect to human rights, whose mandate is to elaborate an international legally binding instrument to  
83 regulate, in international human rights law, the activities of transnational corporations and other  
84 business enterprises. The working group will hold its third session from 23 to 27 October 2017.<sup>10</sup>  
85 While the timeline for this treaty is unclear, experts consulted by the GRI Standards Division have  
86 commented that the negotiation process will likely take many years.

## 87 *Additional implications of the UN Guiding Principles*

88 The influence of the UN Guiding Principles has, however, spanned beyond the field of human rights,  
89 and its core concepts and principles are increasingly being applied to other areas of responsible  
90 business conduct.

91 For example, when the OECD updated its Guidelines for Multinational Enterprises in 2011 to  
92 include a new human rights chapter in line with the UN Guiding Principles, they also introduced a  
93 new and comprehensive approach to due diligence and responsible supply chain covering other areas  
94 beyond human rights, such as the environment, employment and industrial relations, bribery, and  
95 consumer interests. The OECD is now developing specific guidance to help companies implement  
96 the due diligence recommendations in the OECD Guidelines.<sup>11</sup>

97 In addition, some key concepts of the UN Guiding Principles have already been incorporated into  
98 selected sections of the G4 Guidelines (and now the GRI Standards). These include the disclosures  
99 on topic Boundary, management approach and supply chain. However, GRI's initial research and  
100 consultation suggests that there might be room for aligning some of these contents even more with  
101 the Guiding Principles, for example by looking at 'business relationships' in a more holistic way  
102 (including the value chain), as opposed to just 'supply chain'.

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<sup>8</sup> Lines 72-75: <https://www.dol.gov/ilab/child-forced-labor/California-Transparency-in-Supply-Chains-Act.htm>

<sup>9</sup> Lines 62-72 and 76-79: <http://corporatejustice.org/documents/publications/french-corporate-duty-of-vigilance-law-faq.pdf>

<sup>10</sup> <http://www.ohchr.org/EN/HRBodies/HRC/WGTransCorp/Pages/IGWGOntNC.aspx>

<sup>11</sup> <http://www.oecd.org/corporate/mne/due-diligence-guidance-for-responsible-business-conduct.htm>

## 103 Project objectives and scope

104 The GSSB has identified three overarching objectives for this review, based on initial research and  
105 consultation.

106 The main objective of this project is to bring the GRI human rights-related Standards in line with key  
107 authoritative intergovernmental instruments in this area, namely the UN Guiding Principles on  
108 Business and Human Rights, as well as other instruments of the UN, the ILO and the OECD.

109 In doing so, the GSSB will also consider whether concepts contained in the UN Guiding Principles  
110 should also be adopted to other areas of the Standards. These concepts include due diligence and  
111 salience, business relationships, as well as the situations in which responsibility is created by the  
112 relationship of an enterprise to adverse impacts (cause, contribute and directly linked to).

113 The second objective consists in revising the range of human rights-related topics covered in the  
114 GRI Standards, based on expert feedback that key human rights-topics may not yet be covered.

115 And finally, the third objective consists in reviewing the human rights-related topic-specific  
116 disclosures, based on expert feedback that existing disclosures may have limitations and may not  
117 reflect best measurement of the associated impacts.

118 Given the dependencies between these objectives, the GSSB will carry out this project in two  
119 phases:

### 120 *Phase 1: Conceptual review and alignment with the UN Guiding Principles*

121 The GSSB will convene an ad hoc Technical Committee for Phase I, with the mandate to provide  
122 recommendations in the following areas:

- 123 • The development of human rights-related disclosures in line with the UN Guiding Principles  
124 on Business and Human Rights.

125 These may be 'generic' disclosures that an organization could use with each material human  
126 rights topic. The ad hoc Technical Committee should advise the GSSB on where these  
127 contents should sit within the existing GRI Standards structure (whether within the  
128 Universal or the topic-specific Series).

129 As part of this review, the ad hoc Technical Committee should take due consideration of  
130 the content in *GRI 412: Human Rights Assessment*, and should suggest necessary updates to  
131 these contents as well as where in the structure of GRI Standards these may be located.

132 This step will also consider the feasibility of developing minimum human rights disclosures  
133 for all organizations reporting in accordance with the GRI Standards (either within *GRI 102:*  
134 *General Disclosures*, or other suitable location) – to reflect the universal expectation that all  
135 businesses should respect human rights.

- 136 • Whether and how concepts contained in the UN Guiding Principles can also be expanded to  
137 other areas of the Standards.

138 This may include the development of a couple of mock-up options for the consideration of  
139 the GSSB.

- 140 • Which human rights topic Standards should be reviewed, and whether new ones should be  
141 created.

- 142 • A recommended approach for developing topic-specific disclosures (including consideration  
143 of the feasibility of, and need for, developing quantitative disclosures, as well as disclosures  
144 of actual impacts).

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

148 As input for this phase, the Standards Division will carry out consultation with reporting  
149 organizations to understand current reporting practices and reasons why organizations do not  
150 report on their human rights-related impacts.

151 This project will follow the GSSB Due Process Protocol, the implementation of which will be  
152 overseen by the Due Process Oversight Committee (DPOC).

153 As per due process, the GSSB will appoint an ad hoc Technical Committee in a manner that brings  
154 the right balance of technical expertise to the topic discussion. The ad hoc Technical Committee  
155 may contain participants, such as external experts, who are not members of the GSSB but who shall  
156 have experience relevant to the subject matter. Membership may include representatives of  
157 organizations whose standards are referenced in the GRI Standards and guidance.

158 Upon approval of this project proposal, the GSSB will issue a Terms of Reference for the ad hoc  
159 Technical Committee, which will outline the specific mandate of the Committee and a detailed  
160 timeline for Phase I.

## 161 ***Phase 2: Updating of individual human rights topic Standards***

162 This phase would look at updating individual human rights topic Standards (e.g., *GRI 408: Child Labor*,  
163 *GRI 409: Forced or Compulsory Labor*), and developing new ones where needed, as advised by the ad  
164 hoc Technical Committee.

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

168 Before commencing Phase 2, the GSSB will issue project proposals for each individual sub-project,  
169 with specific objectives and scopes.

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## Annex A – Full set of GRI Board and Stakeholder Council

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### comments received

SC or Board Member	Comments
SC Member	I believe that the issue human rights must take in consideration specifically women rights and women protection. On one hand, the fact that male chauvinist still exist in LatinAmerican countries and on the other hand the lack of women (or very small number) in companies boards.
SC Member	<p>The project is highly relevant, but I think there is a need to careful observe some of the critics of the OECD draft “general due diligence guidance for responsible business conduct” (e.g. John Ruggies letter to OECD: <a href="https://business-humanrights.org/sites/default/files/documents/OECD%20Workshop%20Ruggie%20letter%20-%20Mar%202017_0.pdf">https://business-humanrights.org/sites/default/files/documents/OECD%20Workshop%20Ruggie%20letter%20-%20Mar%202017_0.pdf</a>). There is a need to apply the same concepts and terminologies as in UNGP and not invent new ones.</p> <p>I would recommend to include the Danish Institute for Human Rights in the working group or Margaret Jungk, former member of UN Working Group on Business and Human Rights, now BSR.</p>
SC Member	<p>“ Should also take into consideration:</p> <ul style="list-style-type: none"> <li>- Equal opportunity ( including equal equipment and resources )</li> <li>- Gender pay gap ( Equal pay for equal work )</li> <li>- Overtimes ( work hours )</li> <li>- Fair trial at work “</li> </ul>
SC Member	<p>My initial thoughts are that distinction should be made between human rights with regards to the internal practices and policies of an organization and human rights concerning the business operations (external) of the organization. For example, internally, the management approach and policies dealing with freedom of association, discrimination and employment equity - amongst others. Compliance with the Basic Conditions of Employment Act and Labor Laws of the country (this is within the Human Capital realm). Include other aspects of human rights for employees and contract/temp workers. The right to be heard, forums, work-life balance.</p> <p>Outside of the organization, human rights in the supply chain and the general market. Are due diligence processes in place and are they sufficient? Are there Responsible Investment Policies in place? How do we treat immigrants and refugees? Do we support decent jobs or</p>

SC or Board Member	Comments
	any job? In the event of human rights violations in the supply chain, do we discontinue the relationship or are we part of a corrective action plan?
SC Member	<ul style="list-style-type: none"> <li>• With companies needing to increasingly report on this topic the key challenge is providing a structured approach for policy to assist human resource management and risk management. Plus, the implications for supply chain.</li> <li>• If GRI does include this as a standard, you need to make it easy for organisations to either meet it by referring to existing disclosures (e.g. via UNGC or MSA), or provide clear steps on what's required in addition to existing statements. Organisations will be reticent to use GRI, if you add additional reporting burdens.</li> </ul>
SC Member	<p>The paper has a reasonably accurate summary of developments in this area, which is central to Labour's interests, with a focus on the UN Guiding Principles. I think the UK Modern Slavery Act is a very interesting development in this area in requiring senior management / Board sign-off on the reports required under the Act. While there are no penalties for non-compliance, the clear tie-in of senior management accountability is good and does open up compliance action under corporations/companies laws that require companies not to engage in misleading or deceptive conduct.</p> <p>The project objective and scope in this case is quite detailed. Nothing to add here – provided that the foundation of the UNGP's labour content relying on the ILO's core labour standards is not lost. The document does not directly mention the ILO or core labour standards, though it does refer to "key authoritative intergovernmental instruments".</p> <p>Organisations that might be relevant for the Technical Committee? In addition to the ITUC, TUAC and the ILO, there are the union-related organisations that focus on labour rights. I think of the UK's International Committee on Trade Union Rights and the US International Labor Rights Forum? Then there are a host of human rights NGOs like Human Rights Watch.</p>