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Review of GRI's human rights-related Standards

Project Proposal

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Project background

Latest developments in the business and human rights field

Since the last update of the GRI human rights-related disclosures in 2011, the United Nations (UN) Guiding Principles on Business and Human Rights – released that same year – 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.¹

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 Organisation for Economic Co-operation and Development (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., International Council on Mining and Metals and IPIECA) or involving the United Nations (e.g., the UN Global Compact and the UN Environmental Programme Finance Initiative).²

The last few years have also seen new business and human rights reporting frameworks and initiatives emerge, such as the UN Guiding Principles Reporting Framework published in 2015 by Shift and Mazars, or the Corporate Human Rights Benchmark pilot methodology launched in 2016 – the results of which were published on 13 March 2017.^{3 4} The Danish Institute for Human Rights also updated its Human Rights Compliance Assessment tool and indicators in 2016.⁵

An increasing number of States in different regions are also taking steps towards national action plans on business and human rights. To date, 14 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.⁶ 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.⁷

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.

¹ 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>

² http://www.ohchr.org/Documents/Issues/Business/Session11/A_HRC_WG.12_11_1.docx

³ <http://www.ungpreporting.org/>

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

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

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

⁷ <https://www.globalreporting.org/information/news-and-press-center/Pages/GRI-and-DIHR-partner-to-bridge-business-and-government-action-on-human-rights.aspx>

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 United Kingdom (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.⁸

Another example is the European Union (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.⁹

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 2017.¹⁰ While the timeline for this treaty is unclear, experts consulted by the GRI Standards Division have commented that the negotiation process will likely take many years.

Additional implications of the UN Guiding Principles

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

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

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

In response to these international developments, the Global Sustainability Standards Board (GSSB), GRI's independent standard setting body, decided in its May 2017 virtual meeting to commence a review of the GRI human rights-related Standards. This project proposal sets out an overview of the project objectives and scope, as approved by the GSSB.

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

⁹ <http://corporatejustice.org/documents/publications/french-corporate-duty-of-vigilance-law-faq.pdf>

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

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

Project objectives and scope

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The ad-hoc Technical Committee will seek to develop 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.

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

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

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

The GSSB will issue a Terms of Reference for the ad hoc Technical Committee, which will outline the specific mandate of the Committee and a detailed timeline for Phase 1.

Phase 2: Updating of individual human rights topic Standards

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

The review of these Standards may 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.

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