



Item 05 - Consultation with reporters on the GRI human rights disclosures

For GSSB information

Date	5 September 2017
Meeting	20-21 September 2017
Project	Review of GRI's Human Rights-related Standards
Description	<p>The Global Sustainability Standards Board (GSSB) has initiated a project to review GRI's Human Rights-related Standards. As input for this project, the Standards Division consulted reporting organizations to understand current reporting practice and their experience using the GRI human rights disclosures.</p> <p>This paper presents a summary of results from this consultation.</p>

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1 Introduction

2 The Global Sustainability Standards Board (GSSB) identified human rights as a priority area for
3 reviewing the GRI Sustainability Reporting Standards in its [2017-2019 Work Program](#). In March
4 2017, the GSSB reviewed an initial [discussion paper](#) on the possible objectives, scope and process
5 for this review project. In that paper, the Standards Division presented an overview of how
6 frequently each of the G4 human-rights related disclosures was claimed to be reported, based on a
7 sample of over 3000 reports in the GRI Benchmark Tool.

8 The [data showed](#) that the majority of these disclosures were very infrequently reported, compared
9 to other GRI disclosures. The GSSB requested the Standards Division to consult reporting
10 organizations, to understand current reporting practice and reasons why organizations do not
11 report some GRI human rights disclosures.

12 This paper presents a summary of results from this consultation.

13 Methodology

14 Between June and July 2017, the Standards Division interviewed seven organizations that had
15 recently prepared a report in accordance with the G4 Guidelines or the GRI Standards. The sample
16 included organizations from four high-risk sectors for human rights: apparel, mining, technology and
17 food and beverages, and included organizations from various regions of the world.

18 The sample included organizations which reported extensively on human rights, as well as
19 organizations which did not. For this, the Standards Division reviewed external benchmarking tools,
20 such as the Corporate Human Rights Reporting Benchmark¹, and the GRI content indices of their
21 reports.

22 **Table 1. Overview of interviewed organizations**

Organization	Sector	Region*	GRI framework used	Publication year
# 1	Apparel	Asia	G4	2016
# 2	Apparel	Europe	GRI Standards	2017
# 3	Mining	Oceania	G4	2016
# 4	Mining	Latin America	G4	2016
# 5	Technology	Europe	GRI Standards	2017
# 6	Technology	Asia	G4	2016
# 7	Food and Beverages	Latin America	GRI Standards	2017

23 *Region refers to their headquarters, although some operate globally.

24 ** One organization was not interviewed live but sent their responses in written form.

¹ <https://www.corporatebenchmark.org/>

25 The organizations were invited to a confidential semi-structured interview. The Standards Division
26 reviewed the organizations' reports, in order to structure the interviews. It was clarified that their
27 responses would be aggregated and anonymized, and that a summary of the consultations would be
28 publicly available in a GSSB discussion document. Moreover, the interviews were designed to
29 understand current practice and to gather suggestions for improving the GRI Standards; not to
30 evaluate the organizations' performance.

31 The consultation started by looking at the process that organizations followed to define the report
32 content, to understand which human rights-related topics were addressed in the report. Since some
33 of the interviewed organizations had prepared their report using the GRI Standards, the consultation
34 also looked into how organizations had implemented the clarifications introduced around
35 'Materiality' and 'topic Boundary'. This will be used as input for the Standards monitoring program.

36 The following topics were covered in the interviews:

- 37 • The organization's approach to identifying material topics and their Boundary;
- 38 • The organization's approach to reporting on human rights-related topics, including
39 identifying material human rights topics;
- 40 • The organization's experience with using the GRI human rights disclosures; including key
41 challenges and their suggestions for ways to address them in the GRI Standards;

42 Given the small size of the sample, it is not possible to extrapolate the results of this consultation.
43 However, the exercise provided a general understanding of the organizations' approach to reporting
44 on human rights with the GRI Standards, key challenges they found, and their suggestions for
45 improvements and additional guidance.

46 Findings

47 This section describes the results of the consultation with reporters. After this, a short summary of
48 conclusions is presented.

49 *Defining report content*

50 Identifying material topics

51 None of the organizations consulted used the two dimensions required in GRI's Materiality principle
52 for identifying the material topics (i.e., the significance of the organization's economic, environmental
53 and social impacts, and their substantive influence on the assessments and decisions of stakeholders).
54 In some cases, the approach used mapped out the topics that were important to a defined group of
55 stakeholders (employees, local communities, shareholders, academics, etc.) on one side, and the
56 topics that were important for the business (considered to have a significant impact on sales,
57 reputation, costs, internal structure, etc.) on the other. One interviewee explained that the process
58 mirrored their existent internal sustainability strategy, but the specific criteria used was not
59 disclosed.

60 Although in some cases the reports were brief about the materiality assessments, organizations
61 were able to explain their process in more detail during the interviews. One of them explained that
62 the reason for having a succinct description of their materiality assessment in their report was that
63 their materiality mapping tools were very complex and not clearly understandable, which confused
64 stakeholders instead of informing them. Another reason mentioned was that they wanted their

65 report to focus on their actual material issues and concrete actions instead of reporting too much
66 about the process behind. Moreover, organizations explained that the outcomes from their
67 materiality assessments did not change much from year to year and therefore there was no need to
68 repeat the process description.

69 Concerning the identification of material human rights topics, interviewed organizations relied on
70 the same materiality assessment applied to define their sustainability report content (as described
71 above). Most of them explained they did not use a different process or criteria to identify material
72 human rights topics, although some explained human rights specialists were fully involved in their
73 materiality assessments. Only few organizations specifically mentioned the application of human
74 rights impact assessments. The most commonly reported human rights issues were related to labor
75 rights of employees.

76 Several interviewed organizations explained how they are developing better processes to identify
77 and tackle their material human rights issues, using the concepts of due diligence and salience. The
78 effects of these efforts might be visible in future reports.

79 **Identifying the topic Boundary of material topics**

80 The explanation of each material topic Boundary in most reports did not correspond with the
81 concept defined by the GRI Standards. Some organizations classified each topic's Boundary as
82 "internal" or "external". However, during the interviews, organizations indicated they do not clearly
83 understand the concept. It was clear that more guidance and explanations are needed for
84 organizations to be able to identify and explain the Boundary of material topics.

85 Most organizations indicated they have difficulty reporting impacts to which they are related to
86 through business partners, such as suppliers. However, some organizations mentioned they have
87 social, economic and environmental policies that apply to their suppliers and a few explained how
88 they evaluate their compliance and how they engaged with them to develop and implement
89 corrective measures.

90 **Sources used to identify material topics**

91 Most organizations explained how their materiality assessments were not only based on GRI
92 guidance but on additional sources too. For instance, some organizations used other sustainability
93 standards or reporting frameworks, such as AccountAbility's AA1000, SASB Standards and UN
94 Global Compact. Moreover, some organizations relied on their assurance providers' opinions when
95 conducting their assessments, contracted external consultancies to guide them, and made use of
96 industry or sector associations and their guidance. In terms of identifying their human rights related
97 impacts, it was found that most organizations are also using related guidelines and authoritative
98 instruments, such as the UN Guiding Principles on Business and Human Rights. However, the
99 existence of all these different frameworks was a source of confusion and complexity and most
100 interviewees mentioned alignment as a suggestion for improving sustainability reporting.

101 *Key challenges when reporting against GRI human rights disclosures*

102 When asked about key challenges faced when reporting against the GRI human rights disclosures,
103 most organizations commented that it was not always possible to fully comply with the GRI
104 requirements due to different reasons they explained during the interviews. Below are some
105 challenges discussed:

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- Some international companies indicated they report at a global level and therefore it is hard for them to present information at the operational or supplier level, as required by some of the GRI human rights disclosures; they consider explaining their management approach (having the process to ensure that risk is mitigated effectively) more relevant, and then only mention very significant cases as examples. For instance: one organization explained that, due to the vastness of their company and the thousands of suppliers they deal with, they cannot report which operations or suppliers are at significant risk for incidents of forced or compulsory labor, as required by [Disclosure GRI 409-1](#) (G4-HR6), yet their report explains how all their suppliers have to complete a pre-approval process, which includes evaluating their performance concerning that topic.
 - Some organizations do not report the required disclosures separately for each of their material human rights topics, as encouraged by GRI. They instead report on general compliance with internal policies or codes, which include an obligation to respect human rights. For example, one organization did not report operations and suppliers considered to have significant risk for incidents of specific adverse human rights impacts, as required by some GRI disclosures, but instead reported the number and compliance level of suppliers assessed against their Code of Conduct, which they indicated is based on respecting human rights.
 - Some organizations explained that, for them and their stakeholders, certain quantitative disclosures required by GRI were not relevant or useful to represent their impacts, e.g. some organizations reported the number of employees trained in human rights policies or procedures concerning aspects of human rights but explained that the number of hours devoted to such training, as required by [Disclosure GRI 412-2](#) (G4-HR2), was not useful, since the number of hours does not speak to the quality of the training; the number of persons trained and the topics covered would be more useful.

131 *Suggestions for GRI*

132 As mentioned above, since many organizations are working with multiple standards and different
133 regulatory frameworks, they suggested that the GRI Standards could align more closely to other
134 instruments, such as the UN Guiding Principles on Business and Human Rights, UN Global Compact,
135 the Modern Slavery Act, the Dow Jones Sustainability Index, and others.

136 The need for more guidance was also pointed to by many of the interviewed organizations. Some
137 organizations mentioned they would appreciate having clear examples on what to report, how to
138 identify material issues and their boundaries, and best reporting practices, whilst others also
139 mentioned the value of sector specific guidance.

140 When describing their management approach to their material topics, some organizations explained
141 they did not want to spend too much of their report describing general processes, which could be
142 interpreted as 'big, empty words'. They indicated that NGOs, for example, want to know more
143 about their actions in response to concrete incidents e.g. 'what did you do when a factory collapsed
144 in Bangladesh?'

145 The interviewees also mentioned more specific suggestions for improving GRI disclosures and the
146 reporting framework in general, for instance including a clear disclosure on stakeholder engagement
147 (e.g. "who do you talk to" is more important than explaining how/why you determined certain
148 parties were your stakeholders); or including disclosures on the impact of products and services on
149 sustainable development.

150 Finally, one organization mentioned that the report content is normally edited down by its
151 communications department, which struggles sometimes to understand why a certain topic should

152 be included. They suggested that GRI creates a brief guidance for companies' communications
153 departments, to explain them the value of sustainability reporting, and which would also help
154 sustainability reporting practitioners when requesting information required for the report from
155 different departments internally.

156 Conclusions

157 Direct contact with the organizations proved very useful to understand their reporting practices:
158 there was often a gap between what is reported and what is done in practice, in the sense that the
159 interviews allowed for a considerably more extensive explanation of all the activities, procedures and
160 rationale behind their materiality assessments and human rights related disclosure and why in some
161 cases they deviated from the requirements of the GRI Guidelines or Standards. Many organizations
162 mentioned that they need to find a balance between reporting all information that is relevant for
163 their stakeholders and preparing a report that is manageable and not too long.

164 GRI's Materiality principle is not fully followed by the organizations when defining their report
165 content. The dimension of 'significance of economic, environmental and social impacts' is omitted or
166 replaced in most cases with dimensions concerning relevance for stakeholders or the business. It is
167 important to note that some of the interviewed organizations prepared a report according to G4,
168 where the concept had not been clarified.

169 In terms of human rights related reporting, there is still space for improvements, both on how
170 organizations tackle this and how GRI disclosures can enable more meaningful reporting. All
171 organizations interviewed explained how they are making efforts to improve their reporting about
172 the impacts they are involved with. Nevertheless, many of them admitted they are facing important
173 challenges to achieve a full disclosure according to GRI's human rights reporting requirements. Their
174 explanations can be classified in two types of reasons:

- 175 • Management of human rights issues in progress: some organizations are just starting to
176 manage their human rights impacts and recognized they need guidance. Others, more
177 advanced reporters, are currently developing a human rights due diligence process, yet they
178 indicated they are still working on that and therefore the effects of their efforts may only be
179 seen in future reports. One organization mentioned they only report impacts if those are
180 being managed; if not, they first evaluate why is that happening and develop a management
181 approach.
- 182 • Feasibility or relevance of the GRI disclosures: in contrast, some of these organizations also
183 explained they did not report all required information because it was not feasible for them
184 to obtain detailed data from their local operations or their value chain or because they
185 considered some currently required information not relevant for their business and readers.

186 Finally, it was noted that there is a clear demand for further guidance from GRI on the application of
187 its reporting principles, e.g. how to identify material topics – particularly in their sector – and how to
188 define each material topic's Boundary. Besides, several organizations mentioned the need for sector
189 specific guidance when preparing their sustainability report.