Item 07 – GSSB Recommendations of the GRI Technical Committee on Human Rights Disclosure

For GSSB information and discussion

Date  24 January 2019
Meeting  7 February 2019
Project  Review of GRI human rights-related Standards

Description  This paper presents the recommendations of the GRI Technical Committee (TC) on Human Rights Disclosure, for the consideration of the Global Sustainability Standards Board (GSSB).

GSSB members are invited to ask any clarification questions or suggest elements of the recommendations for discussion.
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Background

In 2017, the Global Sustainability Standards Board (GSSB), GRI's independent standard setting body, initiated a project to review the GRI Sustainability Reporting Standards (GRI Standards) that relate to human rights. The project aims to align the human rights-related GRI Standards with key authoritative intergovernmental instruments, such as the United Nations (UN) Guiding Principles on Business and Human Rights (Guiding Principles) and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. It also aims to review and revise the range of human rights-related topics covered in the GRI Standards, and the related disclosures, to ensure they reflect best practice. Further information can be found in the project proposal.

The review is being carried out in two phases.

Phase 1: Conceptual review of the human rights content in the GRI Standards, and overall alignment with key authoritative intergovernmental instruments.

Phase 2: Updating of individual GRI Standards with human rights content (e.g., GRI 408: Child Labor, GRI 409: Forced or Compulsory Labor), and the development of new Standards or disclosures as needed.

The project follows the GSSB Due Process Protocol, the implementation of which is overseen by the Due Process Oversight Committee. In line with this protocol, a multi-stakeholder technical committee was formed to develop recommendations for Phase 1 of the project.

The Technical Committee (TC) has been asked, as per its Terms of Reference, to issue advice to the GSSB on the following areas:

- The development of human rights-related disclosures in line with the UN Guiding Principles and other key authoritative intergovernmental instruments;
- Whether and how concepts contained in the UN Guiding Principles (e.g., due diligence, business relationships) can also be expanded to other areas of the GRI Standards;
- Which human rights topic-specific GRI Standards should be reviewed, and whether new topic-specific Standards should be created;
- A recommended approach for developing topic-specific disclosures.

About this document

This document presents the TC’s recommendations, for the consideration of the GSSB. These are presented as follows:

Section 1 presents the TC’s proposed set of disclosures for reporting on human rights.

Section 2 presents the TC’s recommendations on defining report content for human rights.

Section 3 presents the TC’s recommendations on the development of human rights topic-specific Standards and related disclosures.

Next steps

Given the nature of these recommendations, the Standards Division proposes that the GSSB initiates a review of the Universal Standards, with the aim of incorporating the recommendations outlined in Sections 1 and 2. See Item 09 – GSSB Draft Project Proposal for the Review of GRI’s Universal Standards.
These recommendations would then be presented for public comment as part of overall updates to the Universal Standards. The TC would be asked to provide input during the review of the Universal Standards on how their recommendations have been incorporated, and would reconvene following the public comment to consider respondents’ feedback and to finalize their recommendations.

The recommendations in Section 3 will form the basis for further work to be conducted by the Standards Division to determine the appropriate way forward for the development of human rights topic-specific Standards.
Section 1: Proposed set of human rights disclosures

Summary of conclusions

This section presents the set of human rights disclosures developed by the TC. These are divided into three types:

Disclosures on policies and governance for addressing human rights

- Disclosure XXX-1 Policy commitment to respect human rights
- Disclosure XXX-2 Embedding of the policy commitment to respect human rights throughout the organization

Disclosures on general processes for addressing human rights

- Disclosure XXX-3 Approach to stakeholder engagement in relation to respecting human rights
- Disclosure XXX-4 Remediation processes and grievance mechanisms for human rights impacts

Disclosures on human rights due diligence and remedy to address material human rights topics

- Disclosure XXX-5 Material human rights topics
- Disclosure XXX-6 Actions to prevent, mitigate, and remediate human rights impacts

The TC recommends that these disclosures be required for all organizations preparing a report in accordance with the GRI Standards. The rationale for this recommendation is presented in Section 2.1 Recommendations on requiring basic human rights disclosure from all organizations.

The TC was asked to consider whether these disclosures could apply to reporting on how any economic, environmental, and social topic is managed. This would be consistent with the approach introduced in the OECD Guidelines for Multinational Enterprises, where the expectation of due diligence (that is, for organizations to identify, prevent, mitigate and account for how they address their negative impacts) was expanded to other areas of responsible business conduct beyond human rights.

The TC indicated that these disclosures could be adapted for reporting on any economic, environmental, and social topic. GRI 103: Management Approach could be updated to align it more closely with the expectation of due diligence as set out in the OECD Guidelines for Multinational Enterprises and further elaborated in the OECD Due Diligence Guidance for Responsible Business Conduct.
Human rights disclosures

Background

Through their actions, business enterprises can positively or negatively affect the human rights of individuals, including the human rights of workers, customers, members of local communities, and end users of their products or services.

All business enterprises, everywhere, have a responsibility to respect human rights. This responsibility means that all business enterprises are expected to avoid infringing on the human rights of individuals and to address any negative human rights impacts with which they are involved.

The United Nations (UN) Guiding Principles on Business and Human Rights (Guiding Principles) establish the expectations of all States and business enterprises on responsible business conduct regarding human rights. The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises also set out expectations of responsible business conduct, including conduct in relation to human rights, aligned with the UN Guiding Principles.

The UN Guiding Principles establish that States have a duty to protect against human rights abuses within their territory or jurisdiction by third parties, including by business enterprises, whereas business enterprises have a responsibility to respect human rights. The responsibility of business enterprises to respect human rights exists independently of the States’ abilities or willingness to fulfill their own human rights obligations and does not diminish those obligations.

The responsibility to respect human rights applies to all business enterprises regardless of size, sector, location, ownership, and structure – including state-owned enterprises. It also applies to other organizations, such as not-for-profit organizations, to the extent they engage in business activities, such as purchasing or delivering products and services.

Business enterprises and other organizations (henceforth all subsumed under the term ‘organizations’) may be involved with negative human rights impacts either through their own activities or as a result of their business relationships with other parties. Business relationships include relationships with business partners, entities in the value chain, and any other non-State or State entities directly linked to an organization’s business operations, products, or services.

The responsibility of all organizations to respect human rights relates to all internationally recognized human rights. These rights are understood, at a minimum, to include the rights set out in the International Bill of Rights (consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights in the eight International Labour Organization (ILO) core conventions as set out in the Declaration on Fundamental Principles and Rights at Work.

Depending on circumstances, organizations might need to consider additional standards or instruments. For example, organizations are expected to respect the human rights of individuals belonging to specific groups, or populations that are considered to be vulnerable or at risk, in cases where organizations might have negative human rights impacts on them. For example, the UN instruments on the rights of indigenous peoples; women; children; national or ethnic, religious and linguistic minorities; persons with disabilities; and migrant workers and their families. In addition, in
situations of armed conflict, organizations are expected to respect the standards of international humanitarian law.¹

Further, at the regional level, binding treaties as well as non-binding instruments provide region-specific frameworks for human rights.²

In order to meet their responsibility to respect human rights, organizations are expected to have in place policies and processes appropriate to their size and circumstances, including:

(a) a policy commitment to meet their responsibility to respect human rights;

(b) a human rights due diligence process, or processes, to identify, prevent, mitigate, and account for how they address their negative human rights impacts;

(c) processes to enable the remediation of any negative human rights impacts they cause or contribute to.

Scope of the disclosures

These disclosures help the reporting organization to report how it meet its responsibility to respect human rights. The disclosures are set out as follows:

Disclosures on policies and governance for addressing human rights

- Disclosure XXX-1 Policy commitment to respect human rights
- Disclosure XXX-2 Embedding of the policy commitment to respect human rights throughout the organization

Disclosures on general processes for addressing human rights

- Disclosure XXX-3 Approach to stakeholder engagement in relation to respecting human rights
- Disclosure XXX-4 Remediation processes and grievance mechanisms for human rights impacts

Disclosures on human rights due diligence and remedy to address material human rights topics

- Disclosure XXX-5 Material human rights topics
- Disclosure XXX-6 Actions to prevent, mitigate, and remediate human rights impacts

The disclosures seek to show whether the organization is aware of the negative human rights impacts it might cause or contribute to through its own activities, or that might be directly linked to its operations, products, or services by its business relationships, and how it manages these impacts.

The focus of these disclosures is not on impacts on the reporting organization (such as reputational, financial, or operational), but on the negative impacts on the human rights of individuals as a consequence of the organization’s activities or as a result of its business relationships (though there will generally be negative consequences for the organization if it fails to respect human rights).

The organization may undertake, and report on, other commitments or activities to support and promote the enjoyment of human rights. These could include philanthropy or contributions to the realization of human rights brought about by the organization’s products and services. However, reporting on these activities is not the focus of these disclosures. Instead, these disclosures concern the organization’s human rights due diligence processes to identify, prevent, mitigate, and account for

¹ See the Office of the United Nations High Commissioner for Human Rights’ non-exhaustive list of universal human rights instruments.

² See the Office of the United Nations High Commissioner for Human Rights’ list of regional human rights treaties.
how it addresses its negative human rights impacts. The information elicited by these disclosures therefore helps stakeholders to determine if the organization is properly managing its negative human rights impacts.

This does not mean that the disclosures require reporting only on actions to avoid or do no harm. Human rights due diligence requires positive action on the part of organizations to ensure they meet their responsibility to respect human rights, for example, preventing potential negative impacts and addressing negative impacts when they occur. The organization can report on its improvements or on effective outcomes of its actions to address negative human rights impacts.

Addressing negative human rights impacts is also one of the most significant contributions organizations can make towards sustainable development and towards achieving the Sustainable Development Goals, adopted by the UN as part of the 2030 Agenda for Sustainable Development.

**Disclosures on policies and governance for addressing human rights**

**Disclosure XXX-1 Policy commitment to respect human rights**

**Reporting requirements**

**Disclosure XXX-1**

The reporting organization shall report the following information:

a. Whether the organization has a publicly available policy commitment to respect human rights, and if so:

   i. a summary of and/or link to the policy commitment;

   ii. the level at which the policy commitment was approved within the organization, including whether this is the most senior level, and the date of approval;

   iii. the internationally recognized human rights and multilateral human rights instruments covered in the policy commitment;

   iv. any specific stakeholder groups, including at-risk or vulnerable groups, that the organization gives particular attention to in the policy commitment;

   v. whether the policy commitment applies solely to the organization’s own activities or it also includes the organization’s expectations of its business relationships, and if so, what those expectations are;

   vi. how the policy commitment is communicated to workers, business partners, and other relevant parties.

b. If the organization does not have a publicly available policy commitment, the reason for this.
Guidance

Background

In order to meet their responsibility to respect human rights, organizations are expected to have in place policies and processes appropriate to their size and circumstances, including a policy commitment to respect human rights.

For more information, see UN Guiding Principles 12, 15 and 16 (plus, all corresponding questions in the interpretive guide to the UN Guiding Principles), and Section II, 1.1 in the OECD Due Diligence Guidance for Responsible Business Conduct.

Guidance for Disclosure XXX-1

This disclosure covers an organization’s publicly available policy commitment to respect human rights – that is, the means an organization employs to publicly set out its commitment to respect human rights. The reporting organization can explain whether it has a standalone human rights policy, or whether its commitment to respect human rights is included within one or more other policies or documents, such as codes of conduct.

The organization can also report how the policy commitment was developed, including the internal and external expertise that informed the policy commitment.

Guidance for Disclosure XXX-1-a-ii

The most senior level(s) in the organization can include the CEO, the highest governance body (e.g., the board), or an individual holding a senior executive position.

If the date of approval of the policy commitment differs from the date of adoption, the organization can explain this and provide both dates in the report. Additionally, the organization can state when the policy commitment will be reviewed.

Guidance for Disclosure XXX-1-a-iii

The responsibility to respect human rights relates to all internationally recognized human rights. These include, at a minimum, the rights set out in the International Bill of Rights (consisting of the Universal Declaration of Human Rights and the main instruments through which it has been codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights in the eight ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work.

If the policy commitment covers all internationally recognized human rights, a brief statement of this fact is sufficient. The organization can also state if the policy commitment references certain rights that require particular attention. For example, it can state that the policy commitment covers all internationally recognized human rights and also specifically calls out the rights to privacy and freedom of expression.

If the policy commitment covers some (and not all) internationally recognized human rights, the organization is required to state the rights that are covered and can additionally explain why the policy commitment is limited to these rights.

Examples of multilateral human rights instruments are the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

The OECD Due Diligence Guidance for Responsible Business Conduct, although not considered an instrument, is the authoritative elaboration of the meaning of due diligence in the OECD Guidelines for Multinational Enterprises and can help organizations understand and implement it.

The organization can also make a reference to standards required by international financial institutions, such as those that provide investment for development, when they have relevant human rights requirements.
Depending on circumstances, organizations might need to consider additional standards or instruments. For example, organizations are expected to respect the human rights of individuals belonging to specific groups, or populations that are considered to be vulnerable or at risk, in cases where organizations might have negative human rights impacts on them. In addition, in situations of armed conflict, organizations are expected to respect the standards of international humanitarian law, such as the Geneva Conventions of 1949.

Any such specific groups or populations that the organization gives particular attention to in the policy commitment are to be reported using Disclosure XXX-1-a.iv.

**Guidance for Disclosure XXX-1-a-iv**

Specific stakeholder groups that the organization gives particular attention to can include workers, customers, community members, and other groups affected by the organization’s activities or as a result of its business relationships. These might include individuals belonging to groups or populations that are considered to be vulnerable or at risk, such as women; persons who might be discriminated against based on their sexual orientation, gender identity, gender expression or sex characteristics (e.g., lesbian, gay, bisexual, transgender, intersex); indigenous peoples; national or ethnic, religious and linguistic minorities; children; persons with disabilities; migrant workers and their families; or human rights defenders.

For example, a bank can state its commitment to avoid discrimination against specific groups of customers, or a mining company can state its commitment to avoid infringing on the rights of indigenous peoples.

**Guidance for Disclosure XXX-1-a-v**

The organization’s own activities include the activities of its subsidiaries and other affiliates. The organization’s business relationships include those relationships that it has with business partners, entities in its value chain, and any other non-State or State entities directly linked to its business operations, products, or services. See the definitions of business relationships and business partner for more guidance.

If the policy commitment applies to all of the organization’s own activities and business relationships equally, a brief statement of this fact is sufficient.

If the policy commitment applies to some (and not all) of the organization’s own activities (e.g., it applies only to certain subsidiaries), the organization can report which of its activities the commitment applies to and can additionally explain why the commitment is limited to them.

If the policy commitment applies to some (and not all) of the organization’s business relationships, or the organization’s expectations differ by business relationship type (e.g., joint ventures, suppliers, franchisees, distributors), the organization can:

- specify the business relationships for which it has formulated expectations in the policy commitment, and explain why expectations are limited to these business relationships;
- describe the expectations that it has formulated for the business relationships, for example, whether they are obligated to abide by the policy commitment or are just encouraged (but not obliged) to do so, and whether and how expectations differ by business relationship type.

**Guidance for Disclosure XXX-1-a-vi**

Organizations are expected to communicate their policy commitment to workers, business partners, and other relevant parties. It is particularly important for organizations to actively communicate their policy commitment to parties with which they have a direct relationship, for example, a contractual relationship or another form of relationship such as that with State security forces or investors. In the case of operations with significant human rights risks, it is also important for organizations to actively communicate their policy commitment to potentially affected stakeholders.

When reporting how the policy commitment is communicated, the organization can describe how potential barriers to communication or dissemination are identified and removed (e.g., by translating the policy commitment into languages understood by potentially affected stakeholders).
Disclosure XXX-2 Embedding of the policy commitment to respect human rights throughout the organization

Reporting requirements

<table>
<thead>
<tr>
<th>Disclosure XXX-2</th>
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<tbody>
<tr>
<td>The reporting organization shall report the following information:</td>
</tr>
<tr>
<td>a. The means by which the policy commitment to respect human rights is embedded throughout the organization, including:</td>
</tr>
<tr>
<td>i. how responsibility for implementing the policy commitment is allocated across different levels within the organization;</td>
</tr>
<tr>
<td>ii. how the policy commitment is integrated into organizational strategies and operational policies and procedures;</td>
</tr>
<tr>
<td>iii. how the organization works with those with which it has business relationships, to implement the policy commitment;</td>
</tr>
<tr>
<td>iv. any training provided on implementing the policy commitment or on human rights.</td>
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</tbody>
</table>

Guidance

Background

In order to ensure that people at all levels within an organization act with awareness of and respect for human rights, it is important that the policy commitment to respect human rights is embedded throughout the organization, across all functions starting from the top level.

For more information, see UN Guiding Principles 16 and 19 (plus, all corresponding questions in the interpretive guide to the UN Guiding Principles), and Section II, 1.2 and 1.3 and Annex Q16 and Q18 in the OECD Due Diligence Guidance for Responsible Business Conduct.

Guidance for Disclosure XXX-2-a-i

The different levels within an organization include the highest governance body, senior executives, and operations.

When reporting how responsibility for implementing the policy commitment is allocated across different levels within the organization, the reporting organization can describe:

- the most senior level(s) within the organization responsible for implementing the policy commitment (e.g., the CEO; the highest governance body, such as the board; or the senior executive level);
- whether and, if so, which human rights topics are formally discussed at meetings of the highest governance body or by senior executives, including the discussion of any severe negative human rights impacts identified;
- whether there are any other formal or systematized means for discussions about human rights topics between different levels or functions in the organization, for example, a cross-functional human rights working group;
- the allocation of the day-to-day responsibility for implementing the policy commitment, and the reason for this allocation, i.e., where the individuals with the day-to-day responsibility for implementing the policy commitment are located within the organization (e.g., allocation of responsibility to human resources for
implementing the commitment to respect the rights of employees and other workers), their reporting lines
to senior decision-making levels, and how this helps the organization embed its policy commitment to
respect human rights throughout the organization.

*Guidance for Disclosure XXX-2-a-ii*

When reporting how the policy commitment is integrated into organizational strategies and operational policies and procedures, the organization can describe how it aligns its responsibility to respect human rights with its:

- broader risk management systems and management policies;
- environmental and social impact or risk assessments and other due diligence processes;
- policies and procedures that set financial and other performance incentives for management or workers.

The organization can also explain how it applies its policy commitment when making decisions on its sourcing and operating locations.

Disclosure XXX-6-c-iv requires further information on key lessons learned through the actions taken to address negative human rights impacts and how these have been incorporated into the organization’s operational policies and procedures.

*Guidance for Disclosure XXX-2-a-iii*

When reporting how it works with those with which it has business relationships, to implement the policy commitment, the organization can describe:

- its procurement or investment policies and practices, and its engagement with those with which it has business relationships, including:
  - the application of pre-qualification processes, bidding criteria, or screening criteria which takes human rights into account;
  - whether and how policy commitment is considered in its contracting or investment agreements, or in specific policies or codes of conduct directed at suppliers;
  - whether and how the policy commitment is considered in the process of determining whether to initiate, continue, or terminate a business relationship;
- any processes through which it enables business partners and other parties to act with respect for human rights (e.g., capacity building, peer sharing);
- any incentives offered to business partners and other parties to implement the policy commitment (e.g., price premiums, increased orders or longer-term contracts with suppliers).

*Guidance for Disclosure XXX-2-a-iv*

When reporting on the training provided, the organization can describe:

- the content of the training, including which human rights topics are covered;
- to whom the training is provided, and whether it is mandatory;
- the form (e.g., in-person, online) and frequency of the training;
- examples of how it has determined that the training has been effective.

Training can cover how to implement the policy commitment in general, or how to implement it in specific situations (e.g., how to ensure privacy when handling customers’ personal data, or how to ensure that the policy commitment is considered in procurement practices).
Training can be provided within the organization (to subsidiaries and other affiliates, and those in charge of implementing the policy commitment) and to those with which the organization has business relationships (e.g., joint ventures, suppliers, franchisees, distributors). The organization can also report the number or percentage of individuals, business partners, and other parties that have been trained during the reporting period.

Disclosures on general processes for addressing human rights

Disclosure XXX-3 Approach to stakeholder engagement in relation to respecting human rights

Reporting requirements

Disclosure XXX-3

The reporting organization shall report the following information:

a. The organization’s approach to engaging with stakeholders, particularly affected and potentially affected stakeholders, in relation to respecting human rights, including:

i. the stakeholder groups it engages with, and how these groups are identified;

ii. the purpose of the stakeholder engagement;

iii. how the organization ensures meaningful engagement with stakeholders.

Guidance

Background

Stakeholder engagement is a key component of the human rights due diligence process. In addition, stakeholder engagement or consultation can be considered a human right in itself. For example, collective bargaining is internationally recognized as a human right and is also one of the most significant ways of engaging workers. Another example is the UN Declaration on the Rights of Indigenous Peoples, which requires consultation and cooperation with indigenous peoples to obtain their free and informed consent prior to the approval of any project affecting their lands or involving their relocation.

For more information, see UN Guiding Principles 18, 20 and 21 (and Questions 30, 37, 41, 42, 52, 57, 58, 60 and 61 in the interpretive guide to the UN Guiding Principles), and Section I and Annex Q8 and Q11 in the OECD Due Diligence Guidance for Responsible Business Conduct.

Guidance for Disclosure XXX-3

This disclosure covers the general approach to stakeholder engagement taken by the organization in relation to respecting human rights. Disclosures XXX-4-d, XXX-5-b-iii, and XXX-6-d require further information on stakeholder engagement undertaken during different stages of the human rights due diligence process.
When reporting its approach to engaging with stakeholders in relation to respecting human rights, the reporting organization can describe:

- the resources (e.g., financial, human, or technological resources) allocated for stakeholder engagement;
- how stakeholders, including affected and potentially affected stakeholders, are provided information in an understandable form through appropriate communication channels;
- how stakeholder engagement is carried out at the local level and how local stakeholders are identified.

Engagement with stakeholders at the local level, instead of only at the headquarters level, is relevant, for example, in locations inhabited by indigenous peoples, where labor laws might be poorly implemented and enforced by State authorities, or in locations affected by water scarcity;
- any ongoing stakeholder engagement on systemic issues, and the frequency of this engagement (e.g., annual, quarterly), as well as any specific consultations with particular groups or for particular operations or projects;
- how stakeholder feedback is recorded (e.g., whether information is recorded taking the protection of privacy into account);
- how stakeholder feedback is considered (e.g., how stakeholder feedback is channeled into decision-making, and how stakeholders are informed about how their feedback has influenced decisions);
- how the organization works with business partners to ensure meaningful engagement with affected and potentially affected stakeholders, including any expectations placed on business partners concerning how they engage with affected and potentially affected stakeholders.

Examples of stakeholders include workers, workers' representatives, trade unions, shareholders, suppliers, communities at local, regional or national levels, customers, governments, and civil society organizations, among others.

Affected and potentially affected stakeholders are those who are or could be negatively impacted by the reporting organization’s activities or as a result of the organization’s business relationships. In the context of human rights, these are likely to include workers, members of local communities, and customers, rather than governments or civil society organizations. Affected and potentially affected stakeholders are a key focus of this disclosure.

See the definitions of stakeholder and affected and potentially affected stakeholder for more guidance.

When reporting the purpose of stakeholder engagement, the organization can report the stages of due diligence at which this engagement takes place. Disclosures XXX-4-d, XXX-5-b-iii, and XXX-6-d require further information on stakeholder engagement undertaken during different stages of the human rights due diligence process.

Engaging with affected and potentially affected stakeholders might be especially relevant for an organization to:

- identify actual or potential negative human rights impacts in the context of its own activities (Disclosure XXX-5);
- assess business relationships with respect to actual or potential negative human rights impacts (Disclosure XXX-5);
- devise prevention and mitigation responses to potential negative human rights impacts it could cause or contribute to (Disclosure XXX-6);
• identify forms of remedy for negative human rights impacts it has caused or contributed to and design processes to enable remediation (Disclosures XXX-4 and XXX-6);

• track how effectively actual or potential negative human rights impacts are being addressed (Disclosure XXX-6).

Stakeholder engagement can be particularly helpful, for example, to understand how a project’s intensive use of land or water could affect local communities, what are the limitations faced by local unions in a sourcing location, or whether consumer privacy is at risk.

**Guidance for Disclosure XXX-3-a-iii**

Meaningful stakeholder engagement is characterized by two-way communication and depends on the good faith of participants on both sides. It is also responsive and on-going, and includes engaging with relevant stakeholders before decisions are made.

Identifying and seeking to remove potential barriers to stakeholder engagement (e.g., language and cultural differences, gender and power imbalances, divisions within the community) is important to ensure that stakeholder engagement is effective. Engagement with at-risk or vulnerable groups might call for specific approaches and special attention to remove potential barriers, such as approaches to remove social barriers that limit the participation of women in public fora, or approaches to remove the physical barriers that prevent remotely located communities from attending a meeting.

Additionally, it is important for stakeholder engagement to follow a human rights-based approach, i.e., to respect the human rights of all stakeholders engaged (such as taking into account the protection of their privacy and their security, and respecting their right to freedom of expression).

**Disclosure XXX-4 Remediation processes and grievance mechanisms for human rights impacts**

**Reporting requirements**

**Disclosure XXX-4**

The reporting organization shall report the following information:

a. Any commitments the organization has made to provide for or cooperate in the remediation of negative human rights impacts that it identifies it has caused or contributed to.

b. The approach taken to identify and address grievances relating to human rights, including any grievance mechanisms that the organization has established or participates in.

c. Any other processes by which the organization provides for or cooperates in the remediation of negative human rights impacts that it identifies it has caused or contributed to.

d. How stakeholders, including affected and potentially affected stakeholders, are involved in the design, review, functioning, and improvement of these grievance mechanisms and other remediation processes.
Guidance

Background

In order to meet their responsibility to respect human rights, organizations are expected to provide for or cooperate in the remediation of negative human rights impacts that they identify they have caused or contributed to through legitimate processes. Legitimate processes can include State-based or non-State-based grievance mechanisms through which grievances can be raised and remedy can be sought.

For more information, see UN Guiding Principles 15, 22, 29 and 31 (plus, all corresponding questions in the interpretive guide to the UN Guiding Principles) and Section II, 6.2 and Annex Q51 in the OECD Due Diligence Guidance for Responsible Business Conduct.

Guidance for Disclosure XXX-4

Disclosure XXX-4 covers grievance mechanisms and remediation processes for negative human rights impacts.

Cases where the reporting organization has provided for or cooperated in the remediation of impacts are to be reported using Disclosure XXX-6.

Guidance for Disclosure XXX-4-a

If the organization’s commitments on remediation of negative human rights impacts are stated in its policy commitment, the organization can report this information in response to Disclosure XXX-1.

Guidance for Disclosures XXX-4-b

In the context of business and human rights, grievance mechanisms refer to any routinized, State-based or non-State-based, judicial or non-judicial processes through which stakeholders can raise grievances concerning business-related human rights impacts, and seek remedy.

Examples of State-based grievance mechanisms, both judicial and non-judicial, can include courts (for both criminal and civil actions), labor tribunals, national human rights institutions, National Contact Points under the OECD Guidelines for Multinational Enterprises, ombudsperson offices, consumer protection agencies, regulatory oversight bodies, and government-run complaints offices. Organizations are expected to cooperate with these mechanisms where relevant.

Non-State-based grievance mechanisms include those administered by the organization either alone or together with stakeholders (such as operational-level grievance mechanisms), as well as those administered by an industry association or a multi-stakeholder group, and by collective bargaining.

Non-judicial grievance mechanisms are expected to meet the effectiveness criteria in UN Guiding Principle 31, namely legitimacy, accessibility, predictability, equitability, transparency, rights-compatibility, and a source of continuous learning. Operational-level grievance mechanisms are additionally expected to be based on engagement and dialogue. For a description of each of these criteria, see UN Guiding Principle 31 (plus, all corresponding questions in the interpretive guide to the UN Guiding Principles).

The remedies provided by these grievance mechanisms can take a range of substantive forms, which aim to counteract or make good any human rights harms that have occurred. Grievance mechanisms are not to be used to undermine the role of trade unions in addressing labor-related disputes, nor to prevent access to judicial or non-judicial mechanisms. In addition, organizations are expected to ensure that affected and potentially affected stakeholders, and those representing them, are protected against reprisals when using the grievance mechanisms (i.e., non-retaliation for raising complaints or concerns).

Organizations are expected to establish or participate in effective operational-level grievance mechanisms that are directly accessible to affected and potentially affected stakeholders. Operational-level grievance mechanisms perform two key functions in relation to an organization’s responsibility to respect human rights. First, they allow for grievances to be identified and addressed early and directly, thereby preventing harm from compounding and grievances from escalating. Second, they can provide important feedback on the effectiveness of the organization’s human rights due diligence from those who are directly affected.
Operational-level grievance mechanisms can be administered at the organizational level or at a lower level, such as at the site or project level. Organizations can also incentivize the creation or improvement of these mechanisms in supply chain workplaces and provide a back-up process for unresolved issues.

**Guidance for Disclosure XXX-4-c**

Processes for the remediation of negative human rights impacts, other than grievance mechanisms, can include instances where the organization takes action to remediate an actual impact evidenced in, for example, an impact assessment conducted by the organization or a report published by a civil society organization. Another example of such a process is a customer service desk where customers can raise complaints about and receive remedy for discrimination or privacy issues.

**Guidance for Disclosures XXX-4-b and XXX-4-c**

When reporting on grievance mechanisms or any other remediation processes for negative human rights impacts, the organization can describe:

- their intended purpose and users, for example, whether they are intended for a particular stakeholder group, topic, or region;
- who administers them and how they function;
- how they have been designed and the principles and guidelines on which they are based, including whether they are designed to meet the effectiveness criteria set out in UN Guiding Principle 31;
- how the organization ensures that affected and potentially affected stakeholders, and those representing them, are protected against reprisals.

Disclosure XXX-4-d requires further information about how stakeholders have been involved in the design, review, functioning, and improvement of these grievance mechanisms and other remediation processes.

**Guidance for Disclosure XXX-4-d**

A grievance mechanism or other remediation process can only serve its purpose if the people it is intended for know about it, trust it, and are able to use it. It can be challenging to identify evidence of stakeholder trust in a grievance mechanism or other remediation process. Therefore, it is important that stakeholders, including potentially affected stakeholders, are involved in the design, review, functioning, and improvement of these mechanisms and processes where possible.

Operational-level grievance mechanisms, in particular, are expected to be based on engagement and dialogue with stakeholder groups. This can help ensure that these mechanisms meet the needs of stakeholders and are used by them, and that there is a shared interest in the continued operation and success of these mechanisms.

When reporting how stakeholders, including affected and potentially affected stakeholders, are involved in the design, review, functioning, and improvement of grievance mechanisms and other remediation processes, the organization can describe, for example, how workers were consulted on the development of a grievance mechanism, such as a hotline to raise concerns about human rights-related issues.

Disclosures XXX-3, XXX-5-b-iii, and XXX-6-d require further information on stakeholder engagement.
Disclosures on human rights due diligence and remedy to address material human rights topics

Disclosure XXX-5 Material human rights topics

Reporting requirements

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<td>The reporting organization shall report the following information:</td>
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<tr>
<td>a. The material human rights topics identified, and for each topic:</td>
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<td>i. any severe actual and potential negative human rights impacts identified;</td>
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<td>ii. how the organization is involved with these impacts, either through its own activities and/or as a result of its business relationships.</td>
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<td>b. The process to identify the material human rights topics, including:</td>
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<td>ii. where necessary, how the organization has prioritized the material human rights topics based on an assessment of the severity and likelihood (with emphasis on severity) of the identified impacts;</td>
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Guidance

Guidance for Disclosure XXX-5

This disclosure requires the reporting organization to report its material human rights topics and the process to identify these topics.

The material human rights topics reported here reflect the significant actual and potential negative human rights impacts with which the organization is or could be involved either through its own activities or as a result of its business relationships. These impacts are determined through the organization’s human rights due diligence and, where relevant, risk-based prioritization. The significance of a negative impact is understood as a function of its likelihood and severity. When prioritizing human rights impacts, the severity of a potential negative impact takes precedence over its likelihood of occurrence.

The material human rights topics reported here may also be referred to as ‘significant human rights risks’ or ‘salient human rights issues’. In the context of business and human rights, ‘human rights risks’ are understood to be the organization’s potential negative impacts on the human rights of individuals. They do not refer to risks
to the organization (such as financial, market, operational, or reputational risks) as a result of its negative human rights impacts.

*Guidance for Disclosure XXX-5-a*

This disclosure requires the organization to report the material human rights topics identified.

Human rights topics may consist of individual human rights (such as the right of workers to bargain collectively, the right to freedom from discrimination, or the right to safe and clean drinking water and sanitation), or they may be more general categories of rights that relate to a business activity, a group of potentially affected stakeholders, or an operating context (such as security and human rights, the rights of indigenous peoples, or land-related human rights).

Organizations with diverse operations or business relationships can identify broad material human rights topics and then specify the severe impacts that arise in different contexts. For example, an organization can identify 'labor practices in the supply chain' as a material human rights topic, and then specify the human rights of workers that are most at risk in, for example, its heavy machinery business, separately from the human rights of workers that are most at risk in its IT services business.

*Guidance for Disclosure XXX-5-a-i*

This disclosure requires the organization to describe any severe actual and potential negative human rights impacts it has identified for each material human rights topic. This disclosure provides context for understanding the actions taken by the organization to respond to the identified impacts, which are reported using Disclosure XXX-6. See *Guidance for Disclosure XXX-5-b-ii* for guidance on severity of impacts.

For example, the organization can explain individual incidents, such as a strain of bacteria that has caused the deaths of several of the organization’s customers, or endemic problems, such as systemic child labor or forced labor in countries where the organization operates or sources inputs from.

Even if the impacts are already publicly known and discussed, organizations might have concerns about reporting publicly on them, particularly if they have not been fully addressed. Reporting severe negative impacts can help an organization demonstrate that it recognizes these impacts and that actions are underway to address them. In fact, where severe negative impacts are publicly known, the greatest risk to an organization (e.g., reputational, financial) would often lie in the failure to acknowledge these impacts and explain how they are being addressed.

The organization can report on impacts that have not yet been fully addressed by describing any plans to implement a management approach, or explaining the reasons for not having a management approach using clause 1.2.1 of *GRI 103: Management Approach*.

In exceptional circumstances, it might not be possible for the organization to disclose certain information necessary to fulfill this requirement. In such cases, the organization is required to provide a reason for omission as set out in *GRI 101: Foundation*, indicating whether there are any confidentiality constraints (including where there is risk to the human rights of affected stakeholders) or legal prohibitions, or where reliable information is not available. If the organization is not able to disclose specific information, it can provide the information in aggregated or anonymized form to avoid significant gaps in the disclosure.

*Guidance for Disclosure XXX-5-a-ii*

Organizations might be involved with negative human rights impacts either through their own activities or as a result of their business relationships with other parties. An organization’s activities include both its actions and omissions. Its business relationships include relationships with business partners, entities in its value chain, and any other non-State or State entities directly linked to its operations, products, or services.

When reporting how it is involved with the negative impacts, the organization can report whether it is or could be causing or contributing to the impacts, or whether the impacts are directly linked to its operations, products or services by its business relationships. The organization can also report the types of activities and/or business
relationships that are involved with the impacts, based on the specific business activities they perform or based on their location or their position in the value chain.

For example, if a supplier dismisses workers for attempting to form or join a trade union, and those workers were producing goods for the reporting organization, the organization can explain that it is directly linked to this negative impact because of its business relationship with that supplier. The organization can also provide further details, such as the supplier type or location.

**Guidance for Disclosure XXX-5-bi**

The initial step of the human rights due diligence process is to identify and assess the nature of the actual and potential negative human rights impacts with which an organization might be involved. This includes impacts that an organization might cause or contribute to through its own activities, or those directly linked to its operations, products, or services, by its business relationships.

When identifying and assessing their actual and potential negative human rights impacts, organizations are expected to consider the entire spectrum of internationally recognized human rights. In practice, some human rights will be at greater risk of negative impacts than others in particular industries or contexts, and will therefore need greater attention.

It might be unreasonably difficult for organizations, particularly those with diverse operations such as large and multinational organizations, to conduct due diligence for negative human rights impacts across all their activities and business relationships. In this case, organizations may carry out an initial assessment of general areas where the risk of negative human rights impacts is most significant, and then move to identifying and prioritizing the most severe impacts within those general areas. During this initial assessment, organizations can start by considering sectoral, product, geographic, and enterprise risk factors, as well as other known risks they have faced or are likely to face:

- **Sector risks** are those that are prevalent within a sector globally as a result of the sector’s characteristics, activities, products, and production processes. For example, sector risks for an apparel or footwear company typically include the involvement in human rights abuses of workers through its supply chain. Sector risks for a pharmaceutical company typically include product safety. Sector risks for an information and communications technology company typically include freedom of expression and consumer privacy.

- **Product risks** are those that are related to inputs or production processes used in the development or use of specific products. For example, production of garments with beading or embroidery faces a higher risk of informal employment and precarious work. Similarly, production of phones and computers faces a higher risk of components being mined from conflict areas.

- **Geographic risks** are conditions in a particular country, region, or location that can make sector risks more likely. Geographic risks can generally be classified as those related to the regulatory framework (e.g., alignment with international conventions), governance (e.g., strength of inspectorates, rule of law, level of corruption), socio-economic context (e.g., poverty and education rates, child labor, vulnerability and discrimination of specific populations), and political context (e.g., presence of conflict). For example, an electronic goods company sourcing largely from a State or region where labor laws are weak or weakly enforced will need to take that into account, and an oil company developing new fields in conflict-affected areas will need to consider security-related risks. Geographic risks concern the context in which activities take place and many involve systemic issues. Systemic issues are problems or challenges that are prevalent within a context and driven by root causes outside of the organization’s immediate control, but that nonetheless increase the risk of negative impacts related to the organization’s own activities and business relationships. Systemic issues may arise from the failure of governments to fulfill their duty to enforce laws and protect human rights. The decision to conduct activities in contexts with systemic issues might increase the nature and extent of due diligence to be carried out.

- **Enterprise-level risks** are those associated with a specific enterprise. This relates to the due diligence an organization might need to carry out on enterprises with which it has business relationships. These risks can include weak governance, corruption, a history of not respecting human rights, as well as the lack of capacity or will to meet the legal obligations towards workers or to respect environmental standards. The structure
of enterprises in some sectors and in some countries can increase the likelihood of negative human rights impacts and thus make enterprise-level risks an important subject for due diligence. This would include situations where significant economic activity is undertaken by enterprises operating outside of an appropriate legal and institutional framework through which human rights are usually protected.

Most human rights risks relating to a particular sector, product, or geographic location, are well known or easily understood from information that is readily available.

If the organization has conducted such an initial assessment, it can report the process and the significant risk areas identified for further, in-depth assessment of specific actual and potential negative human rights impacts using this disclosure.

It is important to note that each organization will have specific circumstances associated with their operations. In addition, human rights situations are dynamic and human rights risks may change over time as the organization’s operations and operating context evolve. Therefore, organizations are expected to conduct human rights due diligence on an ongoing basis to confirm known risks and to consider whether new ones have arisen. For example, organizations are expected to assess human rights impacts prior to a new activity or relationship, prior to making major decisions or changes in operations (e.g., market entry, product launch, policy change, or wider changes to the organization), in response to or anticipation of changes in the operating environment (e.g., rising social tensions), and periodically throughout the life of an activity or relationship.

For more information, see UN Guiding Principles 17 and 18 (plus, all corresponding questions in the interpretive guide to the UN Guiding Principles), and Section II, 2.1, 2.2 and 2.3, and Annex Q20 and Q21 in the OECD Due Diligence Guidance for Responsible Business Conduct.

While organizations have a responsibility to address all their negative human rights impacts, it might not always be possible for organizations to address all impacts simultaneously. Where it is necessary to prioritize actions to address actual and potential negative human rights impacts, organizations are expected to first seek to prevent and mitigate those impacts that are most severe, recognizing that a delayed response might affect remediability. The UNGP Reporting Framework refers to human rights topics prioritized on this basis as ‘salient human rights issues’.

The severity of an impact is determined by one or more of three characteristics:

- **Scale**: how grave the impact would be on human rights;
- **Scope**: how widespread the impact would be, for example, the number of individuals that would be affected;
- **Irremediability**: how hard it would be to counteract, or make good, the resulting harm.

Severity is not an absolute concept in this context, but it is relative to the other human rights impacts the organization has identified.

When prioritizing human rights impacts, the severity of a potential negative impact takes precedence over its likelihood of occurrence. For example, if a potential negative impact can result in loss of life, it may be prioritized even if it is less likely (e.g., a power facility may prioritize establishing measures to prevent damage and loss of life in cases of natural disasters, even though natural disasters are less likely to occur than other incidents at the facility).

Severity is not limited to physical impacts on people, such as impacts on their health and safety. Any human right can be subject to severe impacts. For example, intimidation can have a severe impact on freedom of speech (people may choose not to exercise their right to freedom of speech when intimidated or threatened), or interfering with, damaging, or destroying a sacred space without consultation or agreement with the people who use it can have a severe impact on people’s cultural rights.

Prioritization of actions to address actual and potential human rights impacts is about sequencing responses in the event that not all impacts can be addressed simultaneously. Organizations still have a responsibility to address any negative human rights impacts they have caused or contributed to. Prioritization is about the
organization knowing where to focus the greatest efforts and attention first. Once the most severe impacts have been dealt with, organizations can move on to addressing less severe impacts.

For more information, see UN Guiding Principle 24 (plus, all corresponding questions in the interpretive guide to the UN Guiding Principles), and Section II, 2.4 in the OECD Due Diligence Guidance for Responsible Business Conduct.

Guidance for Disclosure XXX-5-b-iii

In order to assess their human rights impacts accurately, it is important that organizations seek to understand the concerns of affected and potentially affected stakeholders by consulting them directly in a way that takes language and other potential barriers to effective engagement into account. Where such consultation is not possible, organizations are expected to consider reasonable alternatives, for example, consulting credible independent expert sources, such as human rights defenders and other members of civil society.

For more information, see questions 41 and 42 in the interpretive guide to the UN Guiding Principles.

Disclosures XXX-3, XXX-4-d, and XXX-6-d require further information on stakeholder engagement.

Guidance for Disclosure XXX-5-b-iv

This disclosure requires the organization to report whether and why certain human rights topics have not been identified as material. These topics refer to sectoral, product, and geographic risk factors that are commonly associated with the types of activities the organization carries out, or with the context in which these activities take place, but which the organization determined did not require further steps in the due diligence process because the specific risk was assessed to be insignificant or absent given the organization’s particular case. This disclosure indicates whether the organization recognizes inherent human rights risks in its activities. For guidance on sectoral, product, and geographic risk factors, see the Guidance for Disclosure XXX-5-b-i.

For example, an organization undertaking extractive operations would, in the early stages of due diligence, aim to determine whether the human rights of indigenous peoples could be negatively impacted. In cases where none of the organization’s operations take place in or impact areas claimed or inhabited by indigenous peoples, the organization is still required to report why this common risk was not identified as material, in order to make clear that this risk has not been overlooked.
Disclosure XXX-6 Actions to prevent, mitigate, and remediate human rights impacts

Reporting requirements

For each material human rights topic identified in Disclosure XXX-5, the reporting organization shall report the following information:

a. Actions taken to prevent and/or mitigate potential negative human rights impacts with which the organization could be involved through its own activities or as a result of its business relationships.

b. Actions taken to address actual negative human rights impacts with which the organization is involved through its own activities or as a result of its business relationships, including actions to provide remedy to affected stakeholders.

c. How the effectiveness of the actions taken to prevent, mitigate, and/or remediate negative human rights impacts is tracked, including:
   i. any processes, targets, or indicators used to evaluate progress;
   ii. evidence that the actions taken have been effective;
   iii. evidence, including stakeholder feedback, of the effectiveness of grievance mechanisms and other remediation processes;
   iv. key lessons learned from the actions taken and how these have been incorporated into the organization’s operational policies and procedures.

d. How engagement with stakeholders, including affected and potentially affected stakeholders, has informed both the actions taken to address negative human rights impacts and how the effectiveness of these actions is tracked.

Guidance

Background

Organizations are expected to:

- avoid causing or contributing to negative human rights impacts through their own activities and address such impacts when they occur, which includes providing for or cooperating in the remediation of impacts;
- seek to prevent or mitigate negative 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;
- track the effectiveness of their actions in order to verify whether negative human rights impacts are being addressed.

Potential impacts – those that could occur but have not yet occurred – are addressed through prevention and/or mitigation.

Actual impacts – those that have already occurred – are addressed through remediation (i.e., the provision of remedy to those who have been affected). As actual impacts can continue to occur or might reoccur in the
future, organizations are expected to take appropriate actions to cease or prevent the impacts, depending on whether they might cause, contribute to, or be directly linked to the impacts.

For more information, see UN Guiding Principles 17, 19, 20 and 22 (plus, all corresponding questions in the interpretive guide to the UN Guiding Principles) and Section II, 6.1 in the OECD Due Diligence Guidance for Responsible Business Conduct.

**Guidance for Disclosure XXX-6**

This disclosure requires reporting information related to the management of each material human rights topic identified in Disclosure XXX-5.

**Guidance for Disclosure XXX-6-a**

If an organization might cause a negative impact, it is expected to take the necessary steps to prevent the impact.

If an organization might contribute to a negative impact it is expected to take necessary steps to prevent its contribution and to use its leverage to mitigate any remaining impact to the greatest possible extent.

In cases where an impact is directly linked to an organization’s operations, products, or services by its business relationship with another party, the situation is more complex. Among the factors that will determine the appropriate actions in such situations are the organization’s leverage over the party concerned, how crucial the relationship with the party is to the organization, the severity of the impact, and whether terminating the relationship could itself result in any negative human rights impacts.

In order to prevent and mitigate potential negative human rights impacts, organizations are expected to integrate the findings from their due diligence processes to identify and assess impacts (as reported using Disclosure XXX-5) across relevant internal functions and processes, and to take appropriate actions.

This disclosure is designed to provide sufficient information for understanding how the reporting organization prevents or mitigates the potential negative human rights impacts reported using Disclosure XXX-5-a-i. The disclosure does not require a detailed list of actions taken in relation to each individual impact. The organization can provide specific examples that illustrate how potential negative human rights impacts are prevented or mitigated.

When describing actions taken to prevent and/or mitigate potential negative human rights impacts, the organization can include information on:

- how it integrates the findings from its due diligence processes to identify and assess impacts, across relevant internal functions and processes, including:
  - the level and function within the organization that has been assigned responsibility for addressing the impacts;
  - the internal decision-making, budget allocation, and oversight processes to enable effective actions in response to the impacts;
- the targets relating to actions taken and timelines for meeting these targets;
- how it uses or increases its leverage with business partners or other parties to prevent or mitigate potential negative human rights impacts, for example, engaging with partners or parties to urge them to address impacts, or by linking incentives, such as placing future orders, with fulfilling human rights expectations;
- whether it has terminated any business relationship on account of the lack of leverage to prevent or mitigate potential negative human rights impacts, including whether it has assessed if terminating the relationship could itself result in any negative human rights impacts.
Even with the best policies and practices in place, an organization might cause or contribute to a negative human rights impact it had not foreseen or been able to prevent. When an organization identifies such a case, either through its human rights due diligence or through other means, or is alerted to it, the organization is expected to provide for or cooperate in the remediation of the impact through legitimate processes.

Where an organization has not caused or contributed to an impact, but the impact is directly linked to its operations, products, or services by a business relationship, the responsibility to respect human rights does not require the organization itself to provide for remediation, though it can play a role in doing so.

When describing cases where it has provided for or cooperated in the remediation of negative human rights impacts, the organization can report:

- examples of specific actions taken to remediate negative human rights impacts, including examples of specific remedies, or types of remedy provided;
- whether and how a grievance mechanism or other remediation process has made it possible for specific impacts to be remediated (see the guidance for Disclosure XXX-4 for more information on grievance mechanisms and other remediation processes).

Tracking is necessary for an organization to know if its human rights policies and processes are being implemented optimally, to learn whether it has responded effectively to the negative human rights impacts identified, and to drive continuous improvement.

The organization can also describe any efforts to track the effectiveness of its actions to address negative human rights impacts on individuals from groups that might face a heightened risk of vulnerability or marginalization.

Information reported using this disclosure can include both qualitative and quantitative indicators. Quantitative indicators can bring precision, enable comparisons, and support targets and measures of progress. Qualitative information is often needed to put quantitative information in context, enable its interpretation, and determine which comparisons and conclusions are likely to be most valid.

Evidence that the organization can provide to show the effectiveness of actions taken to address negative human rights impacts can include specific examples of such actions supported by data. For example, survey feedback from supply chain workers and their representatives showing that factory working conditions have improved, and data showing that worker turnover at those sites has reduced, can be reported as evidence to indicate that capacity building provided to suppliers on ways to improve worker engagement has been effective. It is important that the organization show that there is a credible link between its actions and the effective addressing of impacts.

This disclosure requires the organization to report evidence that the grievance mechanisms and other remediation processes (as reported using Disclosure XXX-4) have been effective in addressing the negative human rights impacts. This includes assessing mechanisms and processes against the effectiveness criteria laid out in the UN Guiding Principles.

UN Guiding Principle 31 lists the following effectiveness criteria for non-judicial grievance mechanisms:

- legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning.

Operational-level grievance mechanisms are additionally expected to be based on engagement and dialogue. For a description of each of these criteria, see UN Guiding Principle 31 (plus, all corresponding questions in the
In addition, organizations are expected to ensure that affected and potentially affected stakeholders, and those representing them, are protected against reprisals when using the grievance mechanisms (i.e., non-retaliation for raising complaints or concerns).

It is acknowledged that it can be more difficult for organizations to assess the effectiveness of grievance mechanisms that they participate in compared to those they have established themselves.

The organization can report the number of grievances filed in relation to each material topic, together with contextual information to help report users understand the data and formulate an appropriate interpretation. The number of grievances is unlikely to provide sufficient information on its own. For example, a low number of grievances may indicate that few incidents have occurred, but it could equally signal that the mechanisms are not trusted by their intended users.

Guidance for Disclosure XXX-6-c-iv

Meeting the responsibility to respect human rights is typically an ongoing challenge requiring continuous improvement based on learning.

When describing the key lessons learned, the organization can draw on examples of lessons that have led to changes in practices, or plans for such changes, with the aim of better preventing or mitigating human rights impacts more successfully in the future. Such examples can include a change to a policy, training for certain employees, or additional attention given to the performance of suppliers. Lessons learned might be derived from the organization’s own activities, its business relationships, or feedback from affected or potentially affected stakeholders.

Guidance for Disclosure XXX-6-d

This disclosure requires the organization to report on how it uses stakeholder engagement to inform its actions to address (i.e., prevent, mitigate, or remediate) negative human rights impacts and how the effectiveness of these actions is tracked. For example, the organization can report whether and how stakeholders, including affected stakeholders, have been involved in determining an appropriate remedy.

Disclosures XXX-3, XXX-4-d, and XXX-5-b-iii require further information on stakeholder engagement.
**Glossary**

**affected and potentially affected stakeholder**

individual who is or could be negatively impacted by the reporting organization’s activities or as a result of the organization’s business relationships

Note 1: In the context of the GRI Standards, both affected and potentially affected stakeholders are subsets of the organization’s stakeholders. Affected and potentially affected stakeholders can include people who do not have a direct relationship with the organization.

Note 2: In the context of human rights, everyone is a rights holder. The term ‘affected and potentially affected stakeholders’ is used to refer more precisely to those people (rights holders) whose human rights are or could be impacted, also referred to as ‘affected rights holders’ or ‘impacted stakeholders’. These are likely to include workers, members of local communities, and customers, rather than governments or civil society organizations (though the individuals working within those organizations are rights holders). Stakeholders such as governments or civil society organizations are not rights holders in themselves, though their knowledge or views could assist in the assessment of human rights impacts.

**business partner**

organization or individual in a direct business relationship with the reporting organization

Note: Examples can include those with which the reporting organization has joint ventures, first-tier suppliers, labor brokers supplying or contracting workers for the organization, franchisees, or investee companies in which the organization has a shareholding position, and that are not classified by the reporting organization as its subsidiaries or other affiliates.

**business relationships**

relationships that an organization has with business partners, entities in its value chain, and any other non-State or State entities directly linked to its business operations, products, or services

Note 1: Relationships with entities in the value chain include business relationships with entities beyond the first tier (e.g., suppliers or distributors beyond the first tier).

Note 2: Non-State or State entities directly linked to the organization’s business operations, products, or services can include, for example, entities providing public security, catering or cleaning services, or labor brokers to suppliers, when these are not considered to be business partners or entities in the value chain.


**due diligence** [existing GRI Standards definition with minor edits suggested]

process to identify, prevent, mitigate, and account for how an organization addresses its actual and potential negative impacts


**grievance**

perceived injustice evoking an individual or group’s sense of entitlement, which may be based on law, contract, explicit or implicit promises, customary practice, or general notions of fairness of aggrieved communities

**grievance mechanism**

A system consisting of procedures, roles, and rules for receiving complaints and providing remedy.

**Note 1:** Grievance mechanisms include routinized, State-based or non-State-based, judicial or non-judicial processes. They also include operational-level grievance mechanisms, which are run by the organization either alone or in collaboration with other parties, and which are directly accessible by those who have been or might be affected.

**Note 2:** Effective grievance mechanisms are expected to be legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. Effective operational-level grievance mechanisms are also 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, Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011.

**Note 3:** In the context of human rights, grievance mechanisms can take a range of substantive forms, the aim of which, generally, is to counteract or make good any human rights harms that have occurred. They are distinct from general business management tools, which do not have this aim.

**internationally recognized human rights**

These rights are understood, at a minimum, to include the rights set out in the *International Bill of Rights* (consisting of the *Universal Declaration of Human Rights* and the main instruments through which it has been codified: the *International Covenant on Civil and Political Rights* and the *International Covenant on Economic, Social and Cultural Rights*), coupled with the principles concerning fundamental rights in the eight International Labour Organization (ILO) core conventions as set out in the *Declaration on Fundamental Principles and Rights at Work*.

**Note 1:** Human rights are rights inherent to all human beings, regardless of nationality, place of residence, sex, national or ethnic origin, color, religion, language, or any other status. These rights are all interrelated, interdependent, and indivisible.

**Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012.

**mitigation**

Action(s) taken to reduce the extent of an impact.

**Note 1:** In the context of human rights, mitigation refers to actions taken to reduce the extent of negative human rights impacts, with any residual impact needing remediation. The mitigation of potential negative human rights impacts refers to actions taken to reduce the likelihood of a certain negative impact occurring.

**Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012.

**remediation**

Provision of remedy.

**Note:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012.
remedy means to counteract or make good a negative human rights impact.

**Note 1:** Remedy can take a range of forms, such as apologies, restitution, rehabilitation, financial or non-financial compensation, and punitive sanctions (whether criminal or administrative, such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.

**Note 2:** This definition is based on the United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012.

severiTy

The severity of impacts is to be judged by their scale (i.e., how grave the impact would be), scope (i.e., how widespread the impact would be, for example, the number of individuals that might be affected), and irremediable character (how hard it would be to counteract or make good the resulting harm).

**Note 1:** Severity is not an absolute concept; it is context specific.

**Note 2:** In the context of human rights, severity is not limited to physical impacts on people, such as impacts on their health and safety. Any human right can be subject to severe impacts.

**Note 3:** This definition is based on the United Nations (UN), *Guiding Principles on Business and Human Rights, Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011.

stakeholder [as noted in Section 2.2 of this paper, the TC recommends aligning this definition with the OECD Due Diligence Guidance for Responsible Business Conduct]

entity or individual that can reasonably be expected to be significantly affected by the reporting organization’s activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.

**Note 1:** Stakeholders include entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization.

**Note 2:** Stakeholders can include those who are invested in the organization (such as employees and shareholders), as well as those who have other relationships to the organization (such as other workers who are not employees, suppliers, vulnerable groups, local communities, and NGOs or other civil society organizations, among others).

vulnerable group [existing GRI Standards definition with minor edits suggested]

set or subset of persons with some specific physical, social, political, or economic condition or characteristic, who could experience negative impacts as a consequence of the organization’s activities, or as a result of its business relationships, more severely than others.

**Note 1:** Vulnerable groups can include children and youth, elderly persons, people with disabilities, ex-combatants, internally displaced persons, refugees or returning refugees, HIV/AIDS-affected households, indigenous peoples, and ethnic minorities.

**Note 2:** Vulnerabilities and impacts can differ by gender.

worker

person that performs work

**Note 1:** The term ‘workers’ includes, but is not limited to, employees.

**Note 2:** Further examples of workers include interns, apprentices, self-employed persons, and persons working for organizations other than the reporting organization, e.g., for suppliers.

**Note 3:** In the context of the GRI Standards, in some cases it is specified whether a particular subset of workers is to be used.
References

The following documents informed the development of these disclosures and can be helpful for understanding and applying them.

Authoritative intergovernmental instruments:

6. United Nations (UN), International Bill of Rights:

Other relevant references:

Section 2: Recommendations on defining report content

2.1 Recommendations on requiring basic human rights disclosure from all organizations

Background information

Reporting on human rights under the GRI Standards is currently dependent on an organization’s materiality assessment. There is no universal requirement in the Standards for all organizations to report on how they meet their responsibility to respect human rights. Given that the UN Guiding Principles introduce an expectation for all business enterprises, everywhere, to respect human rights, TC members were asked whether all organizations using the Standards should be required to report some basic information on how they meet their responsibility to respect human rights, regardless of their materiality assessment and in addition to reporting information on each material human rights topic.

Summary of conclusions

The TC recommends that all organizations be required to report some basic information on how they meet their responsibility to respect human rights and has proposed a set of general disclosures included in Section 1.

This section outlines the main arguments for requiring all organizations to report this basic information and includes some notes of caution.

Arguments in favor of requiring basic human rights disclosure from all organizations:

- As indicated in the UN Guiding Principles, all business enterprises have a responsibility to respect human rights. In order to meet this responsibility, they are expected to have in place a policy commitment, and due diligence and remedy processes. If they cannot address all their negative human rights impacts simultaneously, they should first seek to prevent and mitigate those impacts that would be most severe. (It is important to note that ‘severity’ is a relative concept in this context – as per the Commentary to UNGP 24). Therefore, all organizations can be expected to disclose what their human rights policy commitment, and due diligence and remedy processes are, and how they address their most severe impacts on human rights.

- The UN Guiding Principles make it clear that all business enterprises should communicate how they respect human rights in practice, and that those enterprises ‘whose operations or operating contexts pose risks of severe human rights impacts’ should report formally on how they address these impacts. Given the evolution in reporting, the distinction between communication and formal reporting could become less and less relevant as organizations and other stakeholders continue to experiment with different communication approaches.

- All organizations face human rights risks, i.e., risks of being involved with impacts on people’s rights (and most typically have in place measures related to non-discrimination, health and safety at work, and other decent working conditions). For most organizations, human rights risks are wide-ranging and extend to their value chains. Therefore, all organizations can be expected to report on their policy commitment, and due diligence and remedy processes. Additionally, if an organization is to report on its social impacts, as required by the GRI...
Standards, it needs to be able to show how it understands, identifies, and addresses its most acute impacts on people: its impacts on their human rights.

- The concept of materiality as promoted by the GRI Standards is not well understood and recent clarifications to the GRI Materiality principle have not yet sunk in among all reporters. Many organizations interpret ‘materiality’ to mean risk to the business (e.g., financial, reputational) and tend to report mainly on issues with the potential to directly and significantly affect their business. Organizations do not always consider impacts on people or the environment to have financial consequences on their business and thus do not report on them. In some circumstances though, human rights impacts can have obvious financial consequences for the organization, which under a financial materiality lens would result in some form of reporting. In some circumstances, financial consequences of human rights impacts are underrecognized since accounting methods do not link them back to their root causes. Clarifying that human rights issues are material for the purposes of GRI reporting, whether or not they have obvious financial consequences for the organization, would help shift thinking.

- Requiring all organizations to report some basic information on human rights could help bring awareness and prompt organizations to reflect on issues they have potentially not considered. Many organizations do not think of their activities as having human rights impacts due to lack of understanding of what a human rights impact is. Some organizations understand human rights impacts to be only those related to gross violations or those that are life-threatening.

- Requiring such information from all organizations could give organizations already reporting on these issues a good reason to continue this practice. If this information is required by means of a general disclosure, then human rights issues cannot go ‘off the radar’ if stakeholders or the business cease to show interest in them.

- Reporting such basic information can improve reporting practice by providing examples for other organizations and stakeholders on how to approach their responsibility to respect human rights and manage related impacts. It can also support organizations to comply with reporting requirements specified by national/regional regulations such as the EU Directive on Non-financial and Diversity Disclosure, the French duty of vigilance law, and the national modern slavery reporting requirements in a more uniform way.

**Notes of caution:**

The TC shared the following notes of caution with respect to requiring basic human rights disclosure from all organizations:

- Organizations could be uncomfortable with a requirement for all reporters to disclose basic information on human rights, because they might not know where to start or might not have considered human rights relevant. Encouraging organizations to consider impacts on human rights in their materiality assessments, and letting them decide for themselves whether human rights are material to them, could lead those organizations that do this to have more buy-in/commitment towards impact management and improvement.

- Organizations’ ‘level of comfort’ with such a requirement may depend on the choice of terminology used and how flexible the requirements are. For example, when asking organizations to report on their policy commitment to respect human rights, there has to be flexibility to recognize that this could be part of a broader commitment (e.g., code of conduct), as opposed to requiring organizations to report on the existence of a standalone policy commitment to respect human rights.

- Organizations might not have the resources in-house to prepare these disclosures, or at least might not think they do; they might be concerned this will simply feed professional services. A way to counter this would be to explain to organizations that the guidance is easily applicable
based on knowledge of other social issues and highlight which functions within the
organization may be most relevant for addressing these issues.

2.2 Recommendations on aligning the GRI Reporting Principles for defining report content more closely with the UN Guiding Principles

Background information

The GRI Reporting Principles for defining report content help organizations decide which content to include in the report. This involves considering the organization’s activities, impacts, and the substantive expectations and interests of its stakeholders. There are four GRI Reporting Principles for defining report content: Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness.

The Materiality principle states that the report shall cover topics that reflect the reporting organization’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. In this context, ‘impacts’ include both positive and negative, as well as actual and potential impacts. A topic can be material based on only one of these dimensions.

In sustainability reporting, materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them. In general, the threshold to be applied is whether a topic would be relevant enough for stakeholders to know in relation to an organization’s contribution (positive and negative) to sustainable development – the omission of which would lead to an untrue picture of the organization’s significant economic, environmental and social impacts and mislead stakeholders’ assessments and decisions.

The GRI Standards define ‘significant impacts’ as those that are a subject of established concern for expert communities, or that have been identified using established tools, such as impact assessment methodologies or life cycle assessments. Impacts that are considered important enough to require active management or engagement by the organization are likely to be considered significant.

Not all material topics are of equal importance, and the emphasis within a report is expected to reflect their relative priority.

The TC was asked to consider how the existing Reporting Principles for defining report content and related guidance in the GRI Standards could be aligned more closely with the expectations in the UN Guiding Principles, to support organizations in the identification of material human rights topics for reporting.

See GRI 101: Foundation for more information.
Summary of conclusions

The TC has identified the following challenges with the practical application of the GRI Materiality principle with respect to the identification of material human rights topics:

- In practice, organizations interpret ‘materiality’ or ‘significant impact’ as a risk to the business instead of a risk to people (i.e., rights holders).
- The GRI Materiality principle separates impact assessment from the identification of stakeholder views, which leaves materiality assessments particularly vulnerable to biases based on stakeholder selection. This also leads organizations to prioritize human rights impacts only if the identified stakeholders highlight them (i.e., they focus on the top-right quadrant of the materiality matrix).
- Stakeholders consulted in materiality assessments are often drawn from the policy level (e.g., experts), and the perspectives of affected stakeholders are often not considered.
- The GRI Reporting Principles are often applied with a focus on actual impacts, which reinforces an approach of only looking at quantitative data on past events. Current practice lacks a forward-looking approach that orients disclosure towards the robustness of management systems and the process of learning and improvement needed to minimize impacts in the future.
- Business relationships are not always factored into materiality assessments. These assessments do not necessarily capture actual and potential impacts in supply chains or in other business relationships that are not caused or contributed to by the organization itself.

To that end, the TC recommends that the GRI Reporting Principles for defining report content and related guidance be revised with a view to address the following:

- The GRI definition of ‘stakeholder’ should be aligned with that used in the OECD Due Diligence Guidance for Responsible Business Conduct: “Stakeholders are persons or groups who have interests that are or could be impacted by an enterprise’s activities”.
- ‘Impact’ should be the primary consideration in a materiality assessment. An organization should start by looking at its impacts and determining which are significant (i.e., most severe), as informed by the perspectives of potentially affected stakeholders. It can then test these and address any omissions based on expert stakeholder input. The Materiality principle and the illustrative materiality matrix should be revised to reflect this.
- If the term ‘significant impact’ is to be used, it should be revised to include the criteria of severity (scale, scope and irremediable character) and likelihood of an impact. In the context of human rights, ‘likelihood’ is secondary to ‘severity’. Severity is not an absolute concept and it is context specific.
- The perspectives of affected stakeholders are necessary to understand an organization’s impacts and their relative severity, as part of the ongoing process of due diligence. This information should feed into the assessment of the severity/significance of the impacts, and the conclusions tested through consultation with policy-level/expert stakeholders.
- It should be clear that the materiality assessment focuses on risks to people and the environment; not on risks to the business.
- The materiality assessment should consider an organization’s both actual and potential impacts across both its activities and business relationships (i.e., impacts caused, contributed to, or directly linked to the organization’s operations, product and services by its business relationships) on an ongoing basis (recognizing that impacts could change over time as operations and operating contexts evolve).
The TC advises that these changes can be extrapolated to other economic, environmental and social topics, and can therefore be implemented across the GRI Standards.

In addition, the TC made the following suggestions related to terminology:

- In the GRI Standards, the term ‘impact’ can refer to positive, negative, actual, potential, direct, indirect, short-term, long-term, intended, or unintended impacts. The use of ‘direct’ and ‘indirect’ in this definition may need to be revised to avoid any confusion with the concept of ‘directly linked’.

- The term ‘issue’ may be more useful than ‘topic’ in the context of human rights. ‘Human rights topics’ is not a concept clearly linked to human rights-related instruments’ terminology; a company is unlikely to say that they have identified or are addressing ‘human rights topics’.

- Both ‘negative’ and ‘adverse’ are synonymous terms. While key human rights-related instruments use ‘adverse’, ‘negative’ may be an easier term to understand for a global audience and easier to translate into different languages.

- Key human rights-related instruments use the term ‘human rights risks’, which are understood to be the business enterprise’s potential negative human rights impacts. While the term ‘risk’ may be more precise than ‘impact’ in showing that it is both ‘negative’ and ‘potential’ – the term ‘potential negative impact’ may be clearer for reporters given the different applications and interpretations of the term ‘risk’.

The term ‘risk’ is often interpreted by enterprises to mean risk to the business (e.g., financial, market, operational or reputational risks) as opposed to risk to people’s human rights. If used, ‘risk’ would need to be carefully explained and, when used more generally, it would need to be made clear if it still means human rights risks or human rights-related (e.g., environmental) risks.

Finally, the TC discussed the term ‘salient human rights issues’, which is used both in the interpretive guide to the UN Guiding Principles and in the UN Guiding Principles Reporting Framework (but not in the UN Guiding Principles themselves or by the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance for Responsible Business Conduct).

During this discussion it emerged that different interpretations of ‘salience’ exist within the human rights expert community. There were different views as to the benefits of introducing a new term such as ‘salient’ in the GRI Standards. Some members suggested that a new term could help address the problems caused by the frequent misinterpretation of the terms ‘materiality’ and ‘significant impacts’ in sustainability reports – which leads businesses to understand this to mean impacts on the company and not on people’s human rights. Others suggested that introducing a term that is interpreted in different ways would create confusion. Using more or different terms could increase complexity and cause frustration.

Ultimately, regardless of whatever terminology is used in the GRI Standards, the TC recommends that the disclosure guidance explicitly explains the different terminology, how the terms relate and how they are being used by GRI to reduce confusion among reporters.
Section 3: Recommendations on the development of topic-specific Standards and disclosures

TC members were asked to consider if there is value in having topic-specific Standards on human rights in addition to the disclosures in Section 1.

This section summarizes the input of the TC on this subject gathered through two surveys and TC discussions.

Background information

If preparing a report in accordance with the GRI Standards, a reporting organization is required to report on all topics it has identified as material. Material topics are those that reflect the reporting organization’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders.

For each material topic identified, the organization is required to report its management approach using GRI 103: Management Approach, and topic-specific disclosures if the topic is covered by a GRI topic-specific Standard.

When a topic-specific Standard exists for a topic that is identified as material by an organization, the use of that topic-specific Standard (and its disclosures) becomes mandatory if the organization is preparing a report in accordance with the GRI Standards. For example, if an organization in the financial services sector determines that there are significant impacts related to child labor through its lending practices and as such child labor is identified as a material topic, the organization would need to report in accordance with GRI 408: Child Labor.

Topic-specific Standards provide additional disclosures and guidance for reporting on specific topics (e.g., child labor, occupational health and safety, emissions, water). They can include a combination of qualitative and quantitative disclosures. They do not necessarily have to include quantitative disclosures. In other words, a topic-specific Standard can include only qualitative disclosures of how an organization manages a topic and its related impacts.

If a topic has been identified as material but is not covered by a topic-specific Standard, the organization is required to report on its management approach for the topic using GRI 103: Management Approach. For example, if an organization identifies freedom of speech as a material topic (which is a topic not covered by the topic-specific Standards), it would be required to report on this topic using GRI 103: Management Approach. It is also recommended in the GRI Standards that the organization use appropriate disclosures from other sources in this case to report on relevant impacts.

There are also a range of disclosures specified in GRI 102: General Disclosures that are mandatory for all organizations reporting in accordance with the GRI Standards. A topic can be covered by both a mandatory general disclosure and a topic-specific Standard; the latter would contain more expansive disclosures. For example, Disclosure 102-41 covers collective bargaining agreements, while topic-specific Standard GRI 407 covers freedom of association and collective bargaining more comprehensively.

In addition to issuing Standards, the GSSB may also issue reporting guidance. The use of GSSB-issued reporting guidance would be optional (not mandatory) for organizations reporting in accordance with the GRI Standards.
Any topic-specific Standards on human rights would be structured to complement the requirements currently listed in Section 1.

Summary of conclusions

The TC did not reach a unanimous recommendation on whether there is value generally in having topic-specific Standards on human rights in addition to the disclosures in Section 1. However, there was strong support for the development of optional reporting guidance.

The TC suggested that the existing human rights-related topic-specific Standards are not useful in conjunction with the disclosures in Section 1 and recommended that the content be assessed to identify whether any content remains of value, and if so, what.

In addition, it was suggested by some TC members that where a human right is considered universally relevant to all reporting organizations and enables the realization of other human rights, it may be appropriate to have reporting on the topic which is mandatory for all reporting organizations.

The following sections further discuss these conclusions.

Topic-specific Standards

The TC did not reach a unanimous recommendation on whether there is value generally in having topic-specific Standards for individual human rights-related topics being included in the GRI Standards for human rights, in addition to the disclosures developed by the TC in Section 1.

The following arguments were made in favor of topic-specific Standards:

- Topic-specific Standards can make reporting on a topic clearer and more relevant, increasing the likelihood of detailed, useful information being reported. Different approaches, tools, and resources are required to address different human rights at different times, and organizations tend to need more (not less) direction on meaningful reporting. For organizations that are not well versed in the UN Guiding Principles or that find the general disclosures hard to report on, topic-specific Standards could assist in eliciting useful information.

- For some topics, additional indicators over and above the disclosures in Section 1 are necessary to understand an organization’s performance and/or that reflect expectations codified into specific norms. For example, occupational health and safety, which has well established expectations based on a number of authoritative intergovernmental instruments.

- More specific indicators may also be useful for report users, such as investors, who are looking to compare performance between organizations on certain topics.

- Topic-specific Standards can bring particular human rights into focus and assist organizations and stakeholders in understanding important issues and impacts, thereby contributing to broader progress in addressing human rights issues. Where organizations have identified human rights topics as material but existing practice on reporting on these topics is lacking, for example the impact of climate change on human rights, a topic-specific Standard could provide information and references to help organizations report meaningfully on these issues.

- Topic-specific Standards can also be of particular use to in-house sustainability practitioners who can use them to get buy-in for information requirements from colleagues and management.
A few TC members did express strong opposition to the inclusion of topic-specific Standards on human-rights related topics. The following arguments were made against topic-specific Standards:

- Singling out certain human rights through topic-specific Standards may create a risk of organizations focusing only on those topics that have a dedicated Standard. Instead, assessment of performance should be based on how an organization approaches its actual and potential negative human rights impacts and how it develops its capacity to identify, prevent, mitigate, and remediate them.

- By introducing a reporting ‘hierarchy’, i.e., mandatory general disclosures, topic-specific Standards, and optional guidance, reporters may infer a hierarchy of importance of human rights.

- It is difficult to identify indicators that are valid and workable in relation to most areas of business and human rights.

- Having prescriptive reporting requirements could lead to a tendency to treat reporting as a “tick-the-box” exercise, possibly even motivating distortion of measurement and management. This can result in a failure to truly reflect performance or stimulate meaningful reflection within the company on how to address the topic.

- There is standard “fatigue” and it is not clear that reporting organizations are calling for (more) topic-specific Standards. Having topic-specific Standards is not considered to necessarily improve the challenges of implementing an already long list of standards. Instead, it may imply a heavy burden and lead to confusion for reporting organizations. It could also lead to mis-alignment with other standards or the need to frequently update standards to ensure alignment with other standard-setters.

- Having topic-specific Standards for individual human rights topics may imply that the human rights disclosures developed by the TC are insufficient. On the contrary, these disclosures already require comprehensive reporting and require organizations to disclose topic-specific information.

Managing risks associated with topic-specific disclosures

Some TC members suggested that the risks associated with topic-specific Standards could be managed by:

- Implementing a set of well-defined criteria to identify the topics where additional topic-specific Standards are of value for reporting organizations and report users;

- Outlining why topic-specific Standards have been included for some topics and not others; and

- Being clear that organizations are required to disclose how topics have been identified for reporting and that they are expected to respect and make their assessments based on the entire spectrum of internationally recognized human rights.

Existing topic-specific Standards

All TC members feel that the existing topic-specific Standards should be either revised or deleted as they are not aligned with the disclosures that have been developed.

While it was acknowledged that it would be practically and politically difficult to remove the existing human rights-related topic Standards, there are concerns from TC members that many of the current data points in these Standards do not offer insight on their own, do not provide a basis for real and honest comparison across companies and are not useful in conjunction with the disclosures that they have developed.
It was suggested that a good next step could be to undertake an assessment of the content of the existing Standards against the disclosures that the TC has developed to identify whether any content remains of value, and if so, what.

**Choosing topic-specific Standards**

If the GSSB decide to have topic-specific Standards for human-rights related topics, some TC members proposed that a set of criteria should be developed to identify relevant topics. For example, where there have been regulatory efforts related to a human rights topic or where expectations are codified into specific norms, such as modern slavery or occupational health and safety.

One TC member suggested that it may be helpful to consider topics across the following categories:

- Business as an employer;
- Business as an acquirer/lessor of land/property;
- Business and its business relationships;
- Business and its interactions with vulnerable or marginalized groups; and
- The integration between sustainable development issues, and with financial reporting.

In addition, the topics of living wage, land acquisition and use or freedom of expression were suggested by some TC members for inclusion as topic-specific Standards.

**Guidance**

There was stronger support amongst TC members for the development of optional guidance for reporting on individual human rights.

It was suggested that guidance can inspire reporting organizations to think critically about the types of additional information that could provide valuable insight based on their circumstances or to assist organizations in determining the types of disclosure or level of detail expected for reporting on that topic. For example, a number of TC members flagged that Rights of Indigenous Peoples is a critical topic for some sectors and in that case organizations may need additional information on how to report on the topic in more detail than might be elicited by the disclosures outlined in Section 1.

TC members argued that framing relevant information for topics as guidance could avoid some of the undesirable consequences that can be associated with having mandated reporting requirements for individual topics, such as treating reporting as a “tick-the-box” exercise.

However, some of the risks related to topic-specific Standards, such as inadvertently encouraging organizations to focus only the human rights topics that have dedicated Standards, may also apply to topic-specific guidance.

**Mandatory disclosures**

It was proposed by some TC members that it may be appropriate to have mandatory reporting on a limited number of human rights that are considered universally relevant to all reporting organizations and that enable the realization of other human rights.

A number of TC members suggested that freedom of association/collective bargaining, privacy and non-discrimination are ‘cross-cutting’ or ‘enabling’ human rights issues and should be included as mandatory general disclosures in GRI 102: General Disclosures.

The following arguments were made in favor of incorporating mandatory disclosures on these three topics:

- Freedom of association/collective bargaining is considered to be relevant to all organizations with employees, as well as a right that serves as a foundation for a number of other rights for employees and other workers.
The elimination of discrimination is a principle which is the subject of core ILO Conventions and it can undermine the enjoyment of other human rights. It was identified by TC members as common to all businesses, with one member flagging that this is an area in which society has "made far from sufficient progress" and another noting that there are growing requirements for disclosure on various aspects of non-discrimination, reinforcing the need for reporting organizations to consider this topic.

With the advent of technology, privacy is considered currently relevant and growing in importance. Use of personal data, including that of employees, other workers, and customers, is not as commonly understood to be related to human rights as freedom of association/collective bargaining or discrimination, but does present a significant threat to privacy.

Support for recommending these three topics is not unanimous, however, as the TC was not in agreement that these three topics are all 'enabling' and a couple of TC members argued that it is not the role of the TC to determine which human rights are cross-cutting or enable the realization of other rights.

Several TC members raised the concern that if these topics are not included in GRI 102 as mandatory general disclosures, organizations would only report on them if they were considered a material topic despite the fact they appear to be relevant to all reporting organizations.

Opinions on whether human rights topics beyond these three should also be included as mandatory general disclosures are also mixed.

A few TC members suggested that if additional human rights were to be included, it is appropriate that they align with the principles concerning fundamental rights in the eight ILO core conventions, namely:

- forced or compulsory labor; and
- child labor.

One TC member felt that the relevance of these two topics is further reinforced by the current momentum associated with the topic of modern slavery.

It was also noted that the rights that are considered cross-cutting or commonly applicable to organizations would need to be built over time, as sectors evolve and new ones emerge, and as issues become more widely relevant.

**Recommendation on topic-specific Standard GRI 412: Human Rights Assessment**

The TC recommended that topic-specific Standard GRI 412: Human Rights Assessment be discontinued, as its contents will be superseded by the newly developed disclosures in Section 1. Relevant contents from GRI 412 have been incorporated within the guidance of these new disclosures.