

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

For GSSB information and discussion

Date	12 March 2019
Meeting	25-26 March 2019
Project	<i>Review of GRI human rights-related Standards</i>
Description	<p>This document was presented at the 7 February virtual meeting.</p> <p>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).</p> <p>GSSB members are invited to ask any clarification questions or suggest elements of the recommendations for discussion.</p>

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board's discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard-setting body of GRI. For more information visit www.globalreporting.org.

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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 I 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*.

71 These recommendations would then be presented for public comment as part of overall updates to
72 the Universal Standards. The TC would be asked to provide input during the review of the Universal
73 Standards on how their recommendations have been incorporated, and would reconvene following
74 the public comment to consider respondents' feedback and to finalize their recommendations.

75 The recommendations in Section 3 will form the basis for further work to be conducted by the
76 Standards Division to determine the appropriate way forward for the development of human rights
77 topic-specific Standards.

Discussion document - This document does not represent an official position of the GSSB

Section I: 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-I Policy commitment to respect human rights

Reporting requirements

Disclosure XXX-I

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.**

198	Guidance
199	<i>Background</i>
200	In order to meet their responsibility to respect human rights, organizations are expected to have in place
201	policies and processes appropriate to their size and circumstances, including a policy commitment to respect
202	human rights.
203	For more information, see UN Guiding Principles 12, 15 and 16 (plus, all corresponding questions in the
204	interpretive guide to the UN Guiding Principles), and Section II, 1.1 in the OECD <i>Due Diligence Guidance for</i>
205	<i>Responsible Business Conduct</i> .
206	<i>Guidance for Disclosure XXX-I</i>
207	This disclosure covers an organization's publicly available policy commitment to respect human rights – that is,
208	the means an organization employs to publicly set out its commitment to respect human rights. The reporting
209	organization can explain whether it has a standalone human rights policy, or whether its commitment to respect
210	human rights is included within one or more other policies or documents, such as codes of conduct.
211	The organization can also report how the policy commitment was developed, including the internal and external
212	expertise that informed the policy commitment.
213	<i>Guidance for Disclosure XXX-I-a-ii</i>
214	The most senior level(s) in the organization can include the CEO, the <u>highest governance body</u> (e.g., the board),
215	or an individual holding a senior executive position.
216	If the date of approval of the policy commitment differs from the date of adoption, the organization can explain
217	this and provide both dates in the report. Additionally, the organization can state when the policy commitment
218	will be reviewed.
219	<i>Guidance for Disclosure XXX-I-a-iii</i>
220	The responsibility to respect human rights relates to all internationally recognized human rights. These include,
221	at a minimum, the rights set out in the <i>International Bill of Rights</i> (consisting of the <i>Universal Declaration of Human</i>
222	<i>Rights</i> and the main instruments through which it has been codified: the <i>International Covenant on Civil and Political</i>
223	<i>Rights</i> and the <i>International Covenant on Economic, Social and Cultural Rights</i>) and the principles concerning
224	fundamental rights in the eight ILO core conventions as set out in the <i>Declaration on Fundamental Principles and</i>
225	<i>Rights at Work</i> .
226	If the policy commitment covers all internationally recognized human rights, a brief statement of this fact is
227	sufficient. The organization can also state if the policy commitment references certain rights that require
228	particular attention. For example, it can state that the policy commitment covers all internationally recognized
229	human rights and also specifically calls out the rights to privacy and freedom of expression.
230	If the policy commitment covers some (and not all) internationally recognized human rights, the organization is
231	required to state the rights that are covered and can additionally explain why the policy commitment is limited
232	to these rights.
233	Examples of multilateral human rights instruments are the UN <i>Guiding Principles on Business and Human Rights</i> , the
234	OECD <i>Guidelines for Multinational Enterprises</i> , and the ILO <i>Tripartite Declaration of Principles concerning Multinational</i>
235	<i>Enterprises and Social Policy</i> .
236	The OECD <i>Due Diligence Guidance for Responsible Business Conduct</i> , although not considered an instrument, is the
237	authoritative elaboration of the meaning of due diligence in the OECD <i>Guidelines for Multinational Enterprises</i> and
238	can help organizations understand and implement it.
239	The organization can also make a reference to standards required by international financial institutions, such as
240	those that provide investment for development, when they have relevant human rights requirements.

241 Depending on circumstances, organizations might need to consider additional standards or instruments. For
242 example, organizations are expected to respect the human rights of individuals belonging to specific groups, or
243 populations that are considered to be vulnerable or at risk, in cases where organizations might have negative
244 human rights impacts on them. In addition, in situations of armed conflict, organizations are expected to respect
245 the standards of international humanitarian law, such as the Geneva Conventions of 1949.

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

248 *Guidance for Disclosure XXX-I-a-iv*

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

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

258 *Guidance for Disclosure XXX-I-a-v*

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

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

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

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

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

276 *Guidance for Disclosure XXX-I-a-vi*

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

283 When reporting how the policy commitment is communicated, the organization can describe how potential
284 barriers to communication or dissemination are identified and removed (e.g., by translating the policy
285 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

Disclosure XXX-2

The reporting organization shall report the following information:

- a. The means by which the policy commitment to respect human rights is embedded throughout the organization, including:
 - i. how responsibility for implementing the policy commitment is allocated across different levels within the organization;
 - ii. how the policy commitment is integrated into organizational strategies and operational policies and procedures;
 - iii. how the organization works with those with which it has business relationships, to implement the policy commitment;
 - iv. any training provided on implementing the policy commitment or on human rights.

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.

Guidance for Disclosure XXX-3-a

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.

Guidance for Disclosure XXX-3-a-i

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.

Guidance for Disclosure XXX-3-a-ii

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);

- 416 • identify forms of remedy for negative human rights impacts it has caused or contributed to and design
- 417 processes to enable remediation (Disclosures XXX-4 and XXX-6);
- 418 • track how effectively actual or potential negative human rights impacts are being addressed (Disclosure
- 419 XXX-6).
- 420 Stakeholder engagement can be particularly helpful, for example, to understand how a project's intensive use of
- 421 land or water could affect local communities, what are the limitations faced by local unions in a sourcing location,
- 422 or whether consumer privacy is at risk.
- 423 *Guidance for Disclosure XXX-3-a-iii*
- 424 Meaningful stakeholder engagement is characterized by two-way communication and depends on the good faith
- 425 of participants on both sides. It is also responsive and on-going, and includes engaging with relevant stakeholders
- 426 before decisions are made.
- 427 Identifying and seeking to remove potential barriers to stakeholder engagement (e.g., language and cultural
- 428 differences, gender and power imbalances, divisions within the community) is important to ensure that
- 429 stakeholder engagement is effective. Engagement with at-risk or vulnerable groups might call for specific
- 430 approaches and special attention to remove potential barriers, such as approaches to remove social barriers that
- 431 limit the participation of women in public fora, or approaches to remove the physical barriers that prevent
- 432 remotely located communities from attending a meeting.
- 433 Additionally, it is important for stakeholder engagement to follow a human rights-based approach, i.e., to respect
- 434 the human rights of all stakeholders engaged (such as taking into account the protection of their privacy and
- 435 their security, and respecting their right to freedom of expression).

436 Disclosure XXX-4 Remediation processes and grievance mechanisms for human

437 rights impacts

438 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.

439	Guidance
440	<i>Background</i>
441	In order to meet their responsibility to respect human rights, organizations are expected to provide for or
442	cooperate in the remediation of negative human rights impacts that they identify they have caused or
443	contributed to through legitimate processes. Legitimate processes can include State-based or non-State-based
444	grievance mechanisms through which grievances can be raised and remedy can be sought.
445	For more information, see UN Guiding Principles 15, 22, 29 and 31 (plus, all corresponding questions in the
446	interpretive guide to the UN Guiding Principles) and Section II, 6.2 and Annex Q51 in the OECD <i>Due Diligence</i>
447	<i>Guidance for Responsible Business Conduct</i> .
448	<i>Guidance for Disclosure XXX-4</i>
449	Disclosure XXX-4 covers grievance mechanisms and remediation processes for negative human rights impacts.
450	Cases where the reporting organization has provided for or cooperated in the remediation of impacts are to be
451	reported using Disclosure XXX-6.
452	<i>Guidance for Disclosure XXX-4-a</i>
453	If the organization's commitments on remediation of negative human rights impacts are stated in its policy
454	commitment, the organization can report this information in response to Disclosure XXX-1.
455	<i>Guidance for Disclosures XXX-4-b</i>
456	In the context of business and human rights, grievance mechanisms refer to any routinized, State-based or non-
457	State-based, judicial or non-judicial processes through which stakeholders can raise grievances concerning
458	business-related human rights impacts, and seek remedy.
459	Examples of State-based grievance mechanisms, both judicial and non-judicial, can include courts (for both
460	criminal and civil actions), labor tribunals, national human rights institutions, National Contact Points under the
461	OECD <i>Guidelines for Multinational Enterprises</i> , ombudsperson offices, consumer protection agencies, regulatory
462	oversight bodies, and government-run complaints offices. Organizations are expected to cooperate with these
463	mechanisms where relevant.
464	Non-State-based grievance mechanisms include those administered by the organization either alone or together
465	with stakeholders (such as operational-level grievance mechanisms), as well as those administered by an industry
466	association or a multi-stakeholder group, and by collective bargaining.
467	Non-judicial grievance mechanisms are expected to meet the effectiveness criteria in UN Guiding Principle 31,
468	namely legitimacy, accessibility, predictability, equitability, transparency, rights-compatibility, and a source of
469	continuous learning. Operational-level grievance mechanisms are additionally expected to be based on
470	engagement and dialogue. For a description of each of these criteria, see UN Guiding Principle 31 (plus, all
471	corresponding questions in the interpretive guide to the UN Guiding Principles).
472	The <u>remedies</u> provided by these grievance mechanisms can take a range of substantive forms, which aim to
473	counteract or make good any human rights harms that have occurred. Grievance mechanisms are not to be used
474	to undermine the role of trade unions in addressing labor-related disputes, nor to prevent access to judicial or
475	non-judicial mechanisms. In addition, organizations are expected to ensure that affected and potentially affected
476	stakeholders, and those representing them, are protected against reprisals when using the grievance mechanisms
477	(i.e., non-retaliation for raising complaints or concerns).
478	Organizations are expected to establish or participate in effective operational-level grievance mechanisms that
479	are directly accessible to affected and potentially affected stakeholders. Operational-level grievance mechanisms
480	perform two key functions in relation to an organization's responsibility to respect human rights. First, they
481	allow for grievances to be identified and addressed early and directly, thereby preventing harm from
482	compounding and grievances from escalating. Second, they can provide important feedback on the effectiveness
483	of the organization's human rights due diligence from those who are directly affected.

484	Operational-level grievance mechanisms can be administered at the organizational level or at a lower level, such
485	as at the site or project level. Organizations can also incentivize the creation or improvement of these
486	mechanisms in supply chain workplaces and provide a back-up process for unresolved issues.
487	<u>Grievances</u> relating to human rights might be channeled through grievance mechanisms that cover specific rights,
488	or other general grievance mechanisms that cover a range of different economic, environmental, social, and
489	business-related issues. An example of a specific human rights grievance mechanism is a hotline for workers to
490	raise concerns about human rights-related issues, such as health and safety conditions. An example of a general
491	grievance mechanism is a whistle-blowing or ethics hotline for workers to raise broader concerns in relation to
492	the organization's principles and other aspects of responsible business conduct. These general grievance
493	mechanisms can be reported here, as long as it is clear to stakeholders that these mechanisms can be used for
494	human rights concerns as well. An organization might establish or participate in different grievance mechanisms
495	for different issues.
496	<i>Guidance for Disclosure XXX-4-c</i>
497	Processes for the remediation of negative human rights impacts, other than grievance mechanisms, can include
498	instances where the organization takes action to remediate an actual impact evidenced in, for example, an impact
499	assessment conducted by the organization or a report published by a civil society organization. Another example
500	of such a process is a customer service desk where customers can raise complaints about and receive remedy
501	for discrimination or privacy issues.
502	<i>Guidance for Disclosures XXX-4-b and XXX-4-c</i>
503	When reporting on grievance mechanisms or any other remediation processes for negative human rights
504	impacts, the organization can describe:
505	• their intended purpose and users, for example, whether they are intended for a particular stakeholder
506	group, topic, or region;
507	• who administers them and how they function;
508	• how they have been designed and the principles and guidelines on which they are based, including whether
509	they are designed to meet the effectiveness criteria set out in UN Guiding Principle 31;
510	• how the organization ensures that affected and potentially affected stakeholders, and those representing
511	them, are protected against reprisals.
512	Disclosure XXX-4-d requires further information about how stakeholders have been involved in the design,
513	review, functioning, and improvement of these grievance mechanisms and other remediation processes.
514	<i>Guidance for Disclosure XXX-4-d</i>
515	A grievance mechanism or other remediation process can only serve its purpose if the people it is intended for
516	know about it, trust it, and are able to use it. It can be challenging to identify evidence of stakeholder trust in a
517	grievance mechanism or other remediation process. Therefore, it is important that stakeholders, including
518	potentially affected stakeholders, are involved in the design, review, functioning, and improvement of these
519	mechanisms and processes where possible.
520	Operational-level grievance mechanisms, in particular, are expected to be based on engagement and dialogue
521	with stakeholder groups. This can help ensure that these mechanisms meet the needs of stakeholders and are
522	used by them, and that there is a shared interest in the continued operation and success of these mechanisms.
523	When reporting how stakeholders, including affected and potentially affected stakeholders, are involved in the
524	design, review, functioning, and improvement of grievance mechanisms and other remediation processes, the
525	organization can describe, for example, how workers were consulted on the development of a grievance
526	mechanism, such as a hotline to raise concerns about human rights-related issues.
527	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

Disclosure XXX-5

The reporting organization shall report the following information:

- a. The material human rights topics identified, and for each topic:
 - i. any severe actual and potential negative human rights impacts identified;
 - ii. how the organization is involved with these impacts, either through its own activities and/or as a result of its business relationships.
- b. The process to identify the material human rights topics, including:
 - i. how the organization has identified actual and potential negative human rights impacts with which it is or could be involved either through its own activities or as a result of its business relationships;
 - 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;
 - iii. the experts and stakeholders, particularly affected and potentially affected stakeholders, whose perspectives have informed the process;
 - iv. why any human rights topics that are commonly associated with the types of activities the organization carries out, or with the context in which they take place, have not been identified as material.

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

545 to the organization (such as financial, market, operational, or reputational risks) as a result of its negative human
546 rights impacts.

547 *Guidance for Disclosure XXX-5-a*

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

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

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

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

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

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

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

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

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

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

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

586 When reporting how it is involved with the negative impacts, the organization can report whether it is or could
587 be causing or contributing to the impacts, or whether the impacts are directly linked to its operations, products
588 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-b-i

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 fulfil 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*.

Guidance for Disclosure XXX-5-b-ii

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

684 organization knowing where to focus the greatest efforts and attention first. Once the most severe impacts have
685 been dealt with, organizations can move on to addressing less severe impacts.

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

689 *Guidance for Disclosure XXX-5-b-iii*

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

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

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

697 *Guidance for Disclosure XXX-5-b-iv*

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

705 For example, an organization undertaking extractive operations would, in the early stages of due diligence, aim
706 to determine whether the human rights of indigenous peoples could be negatively impacted. In cases where none
707 of the organization's operations take place in or impact areas claimed or inhabited by indigenous peoples, the
708 organization is still required to report why this common risk was not identified as material, in order to make
709 clear that this risk has not been overlooked.

710 Disclosure XXX-6 Actions to prevent, mitigate, and remediate human rights
711 impacts

712 Reporting requirements

Disclosure XXX-6

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.

713 Guidance

714 Background

715 Organizations are expected to:

- 716 • avoid causing or contributing to negative human rights impacts through their own activities and address such
717 impacts when they occur, which includes providing for or cooperating in the remediation of impacts;
- 718 • seek to prevent or mitigate negative human rights impacts that are directly linked to their operations,
719 products, or services by their business relationships, even if they have not contributed to those impacts;
- 720 • track the effectiveness of their actions in order to verify whether negative human rights impacts are being
721 addressed.

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

724 Actual impacts – those that have already occurred – are addressed through remediation (i.e., the provision of
725 remedy to those who have been affected). As actual impacts can continue to occur or might reoccur in the

726	future, organizations are expected to take appropriate actions to cease or prevent the impacts, depending on
727	whether they might cause, contribute to, or be directly linked to the impacts.
728	For more information, see UN Guiding Principles 17, 19, 20 and 22 (plus, all corresponding questions in the
729	interpretive guide to the UN Guiding Principles) and Section II, 6.I in the OECD <i>Due Diligence Guidance for</i>
730	<i>Responsible Business Conduct</i> .
731	<i>Guidance for Disclosure XXX-6</i>
732	This disclosure requires reporting information related to the management of each material human rights topic
733	identified in Disclosure XXX-5.
734	<i>Guidance for Disclosure XXX-6-a</i>
735	If an organization might cause a negative impact, it is expected to take the necessary steps to prevent the impact.
736	If an organization might contribute to a negative impact it is expected to take necessary steps to prevent its
737	contribution and to use its leverage to mitigate any remaining impact to the greatest possible extent.
738	In cases where an impact is directly linked to an organization's operations, products, or services by its business
739	relationship with another party, the situation is more complex. Among the factors that will determine the
740	appropriate actions in such situations are the organization's leverage over the party concerned, how crucial the
741	relationship with the party is to the organization, the severity of the impact, and whether terminating the
742	relationship could itself result in any negative human rights impacts.
743	In order to prevent and mitigate potential negative human rights impacts, organizations are expected to integrate
744	the findings from their due diligence processes to identify and assess impacts (as reported using Disclosure
745	XXX-5) across relevant internal functions and processes, and to take appropriate actions.
746	This disclosure is designed to provide sufficient information for understanding how the reporting organization
747	prevents or mitigates the potential negative human rights impacts reported using Disclosure XXX-5-a-i. The
748	disclosure does not require a detailed list of actions taken in relation to each individual impact. The organization
749	can provide specific examples that illustrate how potential negative human rights impacts are prevented or
750	mitigated.
751	When describing actions taken to prevent and/or mitigate potential negative human rights impacts, the
752	organization can include information on:
753	• how it integrates the findings from its due diligence processes to identify and assess impacts, across relevant
754	internal functions and processes, including:
755	– the level and function within the organization that has been assigned responsibility for addressing the
756	impacts;
757	– the internal decision-making, budget allocation, and oversight processes to enable effective actions in
758	response to the impacts;
759	• the targets relating to actions taken and timelines for meeting these targets;
760	• how it uses or increases its leverage with business partners or other parties to prevent or mitigate potential
761	negative human rights impacts, for example, engaging with partners or parties to urge them to address
762	impacts, or by linking incentives, such as placing future orders, with fulfilling human rights expectations;
763	• whether it has terminated any business relationship on account of the lack of leverage to prevent or mitigate
764	potential negative human rights impacts, including whether it has assessed if terminating the relationship
765	could itself result in any negative human rights impacts.

766 *Guidance for Disclosure XXX-6-b*

767 Even with the best policies and practices in place, an organization might cause or contribute to a negative human
768 rights impact it had not foreseen or been able to prevent. When an organization identifies such a case, either
769 through its human rights due diligence or through other means, or is alerted to it, the organization is expected
770 to provide for or cooperate in the remediation of the impact through legitimate processes.

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

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

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

781 *Guidance for Disclosure XXX-6-c*

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

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

787 *Guidance for Disclosure XXX-6-c-i*

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

792 *Guidance for Disclosure XXX-6-c-ii*

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

800 *Guidance for Disclosure XXX-6-c-iii*

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

805 UN Guiding Principle 31 lists the following effectiveness criteria for non-judicial grievance mechanisms:
806 legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning.
807 Operational-level grievance mechanisms are additionally expected to be based on engagement and dialogue. For
808 a description of each of these criteria, see UN Guiding Principle 31 (plus, all corresponding questions in the

809 interpretive guide to the UN Guiding Principles). In addition, organizations are expected to ensure that affected
 810 and potentially affected stakeholders, and those representing them, are protected against reprisals when using
 811 the grievance mechanisms (i.e., non-retaliation for raising complaints or concerns).

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

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

819 *Guidance for Disclosure XXX-6-c-iv*

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

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

828 *Guidance for Disclosure XXX-6-d*

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

833 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.

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.

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

Note: This definition is based on the Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011, and the United Nations (UN), *Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011.

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

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

grievance mechanism

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), *Guiding Principles on Business and Human Rights, Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011 and the United Nations Human Rights Office of the High Commissioner webpage ‘What are human rights?’, <https://www.ohchr.org/en/issues/pages/whatarehumanrights.aspx>, accessed on 24 January 2019.

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.

922 **remedy**

923 means to counteract or make good a negative human rights impact

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

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

930 **severity**

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

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

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

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

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

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

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

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

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

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

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

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

958 **worker**

959 person that performs work

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

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

963 **Note 3:** In the context of the GRI Standards, in some cases it is specified whether a particular
964 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:

1. Organisation for Economic Co-operation and Development (OECD), *Due Diligence Guidance for Responsible Business Conduct*, 2018.
2. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
3. United Nations (UN), *Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011.
4. United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human Rights*, 2008.
5. United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprise*, John Ruggie, 2011.
6. United Nations (UN), *International Bill of Rights*:
 - United Nations (UN) Declaration, *Universal Declaration of Human Rights*, 1948.
 - United Nations (UN) Convention, *International Covenant on Civil and Political Rights*, 1966.
 - United Nations (UN) Convention, *International Covenant on Economic, Social, and Cultural Rights*, 1966.
 - United Nations (UN) Protocol, *Optional Protocol to the International Covenant on Civil and Political Rights*, 1966.
 - United Nations (UN) Protocol, *Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition of the death penalty*, 1989.
7. United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012.

Other relevant references:

8. Castan Centre for Human Rights Law, Office of the United Nations High Commissioner for Human Rights, and United Nations Global Compact, *Human Rights Translated 2.0: A Business Reference Guide*, 2016.
9. Corporate Human Rights Benchmark Ltd., *Corporate Human Rights Benchmark Methodology 2018 for the Agricultural Products, Apparel and Extractives Industries*, 2018.
10. Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015.
11. Shift, Oxfam and Global Compact Network Netherlands, *Doing Business with Respect for Human Rights: A Guidance Tool for Companies*, 2016.

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

- I039 Standards, it needs to be able to show how it understands, identifies, and addresses its most
I040 acute impacts on people: its impacts on their human rights.
- I041 • The concept of materiality as promoted by the GRI Standards is not well understood and
I042 recent clarifications to the GRI Materiality principle have not yet sunk in among all reporters.
I043 Many organizations interpret 'materiality' to mean risk to the business (e.g., financial,
I044 reputational) and tend to report mainly on issues with the potential to directly and significantly
I045 affect their business. Organizations do not always consider impacts on people or the
I046 environment to have financial consequences on their business and thus do not report on
I047 them. In some circumstances though, human rights impacts can have obvious financial
I048 consequences for the organization, which under a financial materiality lens would result in
I049 some form of reporting. In some circumstances, financial consequences of human rights
I050 impacts are underrecognized since accounting methods do not link them back to their root
I051 causes. Clarifying that human rights issues are material for the purposes of GRI reporting,
I052 whether or not they have obvious financial consequences for the organization, would help shift
I053 thinking.
 - I054 • Requiring all organizations to report some basic information on human rights could help bring
I055 awareness and prompt organizations to reflect on issues they have potentially not considered.
I056 Many organizations do not think of their activities as having human rights impacts due to lack
I057 of understanding of what a human rights impact is. Some organizations understand human
I058 rights impacts to be only those related to gross violations or those that are life-threatening.
 - I059 • Requiring such information from all organizations could give organizations already reporting on
I060 these issues a good reason to continue this practice. If this information is required by means of
I061 a general disclosure, then human rights issues cannot go 'off the radar' if stakeholders or the
I062 business cease to show interest in them.
 - I063 • Reporting such basic information can improve reporting practice by providing examples for
I064 other organizations and stakeholders on how to approach their responsibility to respect
I065 human rights and manage related impacts. It can also support organizations to comply with
I066 reporting requirements specified by national/regional regulations such as the EU Directive on
I067 Non-financial and Diversity Disclosure, the French duty of vigilance law, and the national
I068 modern slavery reporting requirements in a more uniform way.

I069 *Notes of caution:*

- I070 The TC shared the following notes of caution with respect to requiring basic human rights disclosure
I071 from all organizations:
- I072 • Organizations could be uncomfortable with a requirement for all reporters to disclose basic
I073 information on human rights, because they might not know where to start or might not have
I074 considered human rights relevant. Encouraging organizations to consider impacts on human
I075 rights in their materiality assessments, and letting them decide for themselves whether human
I076 rights are material to them, could lead those organizations that do this to have more buy
I077 in/commitment towards impact management and improvement.
 - I078 • Organizations' 'level of comfort' with such a requirement may depend on the choice of
I079 terminology used and how flexible the requirements are. For example, when asking
I080 organizations to report on their policy commitment to respect human rights, there has to be
I081 flexibility to recognize that this could be part of a broader commitment (e.g., code of
I082 conduct), as opposed to requiring organizations to report on the existence of a standalone
I083 policy commitment to respect human rights.
 - I084 • Organizations might not have the resources in-house to prepare these disclosures, or at least
I085 might not think they do; they might be concerned this will simply feed professional services. A
I086 way to counter this would be to explain to organizations that the guidance is easily applicable

I087 based on knowledge of other social issues and highlight which functions within the
I088 organization may be most relevant for addressing these issues.

I089 *2.2 Recommendations on aligning the GRI Reporting* I090 *Principles for defining report content more closely with* I091 *the UN Guiding Principles*

I092 **Background information**

I093 The GRI Reporting Principles for defining report content help organizations decide which content to
I094 include in the report. This involves considering the organization's activities, impacts, and the
I095 substantive expectations and interests of its stakeholders. There are four GRI Reporting Principles for
I096 defining report content: Stakeholder Inclusiveness, Sustainability Context, Materiality, and
I097 Completeness.

I098 The Materiality principle states that the report shall cover topics that reflect the reporting
I099 organization's significant economic, environmental and social impacts; or that substantively influence
I100 the assessments and decisions of stakeholders. In this context, 'impacts' include both positive and
I101 negative, as well as actual and potential impacts. A topic can be material based on only one of these
I102 dimensions.

I103 In sustainability reporting, materiality is the principle that determines which relevant topics are
I104 sufficiently important that it is essential to report on them. In general, the threshold to be applied is
I105 whether a topic would be relevant enough for stakeholders to know in relation to an organization's
I106 contribution (positive and negative) to sustainable development – the omission of which would lead to
I107 an untrue picture of the organization's significant economic, environmental and social impacts and
I108 mislead stakeholders' assessments and decisions.

I109 The GRI Standards define 'significant impacts' as those that are a subject of established concern for
I110 expert communities, or that have been identified using established tools, such as impact assessment
I111 methodologies or life cycle assessments. Impacts that are considered important enough to require
I112 active management or engagement by the organization are likely to be considered significant.

I113 Not all material topics are of equal importance, and the emphasis within a report is expected to
I114 reflect their relative priority.

I115 The TC was asked to consider how the existing Reporting Principles for defining report content and
I116 related guidance in the GRI Standards could be aligned more closely with the expectations in the UN
I117 Guiding Principles, to support organizations in the identification of material human rights topics for
I118 reporting.

I119 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).

1165 The TC advises that these changes can be extrapolated to other economic, environmental and social
 1166 topics, and can therefore be implemented across the GRI Standards.

1167 In addition, the TC made the following suggestions related to terminology:

- 1168 • In the GRI Standards, the term ‘impact’ can refer to positive, negative, actual, potential, direct,
 1169 indirect, short-term, long-term, intended, or unintended impacts. The use of ‘direct’ and
 1170 ‘indirect’ in this definition may need to be revised to avoid any confusion with the concept of
 1171 ‘directly linked’.
- 1172 • The term ‘issue’ may be more useful than ‘topic’ in the context of human rights. ‘Human rights
 1173 topics’ is not a concept clearly linked to human rights-related instruments’ terminology; a
 1174 company is unlikely to say that they have identified or are addressing ‘human rights topics’.
- 1175 • Both ‘negative’ and ‘adverse’ are synonymous terms. While key human rights-related
 1176 instruments use ‘adverse’; ‘negative’ may be an easier term to understand for a global audience
 1177 and easier to translate into different languages.
- 1178 • Key human rights-related instruments use the term ‘human rights risks’, which are understood
 1179 to be the business enterprise’s potential negative human rights impacts. While the term ‘risk’
 1180 may be more precise than ‘impact’ in showing that it is both ‘negative’ and ‘potential’ – the
 1181 term ‘potential negative impact’ may be clearer for reporters given the different applications
 1182 and interpretations of the term ‘risk’.

1183 The term ‘risk’ is often interpreted by enterprises to mean risk to the business (e.g., financial,
 1184 market, operational or reputational risks) as opposed to risk to people’s human rights. If used,
 1185 ‘risk’ would need to be carefully explained and, when used more generally, it would need to be
 1186 made clear if it still means human rights risks or human rights-related (e.g., environmental)
 1187 risks.

1188 Finally, the TC discussed the term ‘salient human rights issues’, which is used both in the interpretive
 1189 guide to the UN Guiding Principles and in the *UN Guiding Principles Reporting Framework* (but not in the
 1190 UN Guiding Principles themselves or by the *OECD Guidelines for Multinational Enterprises* and the
 1191 *OECD Due Diligence Guidance for Responsible Business Conduct*).

1192 During this discussion it emerged that different interpretations of ‘salience’ exist within the human
 1193 rights expert community. There were different views as to the benefits of introducing a new term
 1194 such as ‘salient’ in the GRI Standards. Some members suggested that a new term could help address
 1195 the problems caused by the frequent misinterpretation of the terms ‘materiality’ and ‘significant
 1196 impacts’ in sustainability reports – which leads businesses to understand this to mean impacts on the
 1197 company and not on people’s human rights. Others suggested that introducing a term that is
 1198 interpreted in different ways would create confusion. Using more or different terms could increase
 1199 complexity and cause frustration.

1200 Ultimately, regardless of whatever terminology is used in the GRI Standards, the TC recommends that
 1201 the disclosure guidance explicitly explains the different terminology, how the terms relate and how
 1202 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.

1245 Any topic-specific Standards on human rights would be structured to complement the requirements
1246 currently listed in Section I.

1247 Summary of conclusions

1248 The TC did not reach a unanimous recommendation on whether there is value generally in having
1249 topic-specific Standards on human rights in addition to the disclosures in Section I. However, there
1250 was strong support for the development of optional reporting guidance.

1251 The TC suggested that the existing human rights-related topic-specific Standards are not useful in
1252 conjunction with the disclosures in Section I and recommended that the content be assessed to
1253 identify whether any content remains of value, and if so, what.

1254 In addition, it was suggested by some TC members that where a human right is considered universally
1255 relevant to all reporting organizations and enables the realization of other human rights, it may be
1256 appropriate to have reporting on the topic which is mandatory for all reporting organizations.

1257 The following sections further discuss these conclusions.

1258 Topic-specific Standards

1259 The TC did not reach a unanimous recommendation on whether there is value generally in having
1260 topic-specific Standards for individual human rights-related topics

1261 Throughout the discussion, a number of arguments were made for and against topic-specific Standards
1262 being included in the GRI Standards for human rights, in addition to the disclosures developed by the
1263 TC in Section I.

1264 The following arguments were made *in favor of topic-specific Standards*:

- 1265 • Topic-specific Standards can make reporting on a topic clearer and more relevant, increasing
1266 the likelihood of detailed, useful information being reported. Different approaches, tools, and
1267 resources are required to address different human rights at different times, and organizations
1268 tend to need more (not less) direction on meaningful reporting. For organizations that are not
1269 well versed in the UN Guiding Principles or that find the general disclosures hard to report
1270 on, topic-specific Standards could assist in eliciting useful information.
- 1271 • For some topics, additional indicators over and above the disclosures in Section I are
1272 necessary to understand an organization's performance and/or that reflect expectations
1273 codified into specific norms. For example, occupational health and safety, which has well
1274 established expectations based on a number of authoritative intergovernmental instruments.
- 1275 • More specific indicators may also be useful for report users, such as investors, who are
1276 looking to compare performance between organizations on certain topics.
- 1277 • Topic-specific Standards can bring particular human rights into focus and assist organizations
1278 and stakeholders in understanding important issues and impacts, thereby contributing to
1279 broader progress in addressing human rights issues. Where organizations have identified
1280 human rights topics as material but existing practice on reporting on these topics is lacking, for
1281 example the impact of climate change on human rights, a topic-specific Standard could provide
1282 information and references to help organizations report meaningfully on these issues.
- 1283 • Topic-specific Standards can also be of particular use to in-house sustainability practitioners
1284 who can use them to get buy-in for information requirements from colleagues and
1285 management.

- 1286 A few TC members did express strong opposition to the inclusion of topic-specific Standards on
1287 human-rights related topics. The following arguments were made *against topic-specific Standards*:
- 1288 • Singling out certain human rights through topic-specific Standards may create a risk of
1289 organizations focusing only on those topics that have a dedicated Standard. Instead,
1290 assessment of performance should be based on how an organization approaches its actual and
1291 potential negative human rights impacts and how it develops its capacity to identify, prevent,
1292 mitigate, and remediate them.
 - 1293 • By introducing a reporting 'hierarchy', i.e., mandatory general disclosures, topic-specific
1294 Standards, and optional guidance, reporters may infer a hierarchy of importance of human
1295 rights.
 - 1296 • It is difficult to identify indicators that are valid and workable in relation to most areas of
1297 business and human rights.
 - 1298 • Having prescriptive reporting requirements could lead to a tendency to treat reporting as a
1299 "tick-the-box" exercise, possibly even motivating distortion of measurement and management.
1300 This can result in a failure to truly reflect performance or stimulate meaningful reflection
1301 within the company on how to address the topic.
 - 1302 • There is standard "fatigue" and it is not clear that reporting organizations are calling for
1303 (more) topic-specific Standards. Having topic-specific Standards is not considered to
1304 necessarily improve the challenges of implementing an already long list of standards. Instead, it
1305 may imply a heavy burden and lead to confusion for reporting organizations. It could also lead
1306 to mis-alignment with other standards or the need to frequently update standards to ensure
1307 alignment with other standard-setters.
 - 1308 • Having topic-specific Standards for individual human rights topics may imply that the human
1309 rights disclosures developed by the TC are insufficient. On the contrary, these disclosures
1310 already require comprehensive reporting and require organizations to disclose topic-specific
1311 information.

1312 *Managing risks associated with topic-specific disclosures*

1313 Some TC members suggested that the risks associated with topic-specific Standards could be managed
1314 by:

- 1315 • Implementing a set of well-defined criteria to identify the topics where additional topic-specific
1316 Standards are of value for reporting organizations and report users;
- 1317 • Outlining why topic-specific Standards have been included for some topics and not others; and
- 1318 • Being clear that organizations are required to disclose how topics have been identified for
1319 reporting and that they are expected to respect and make their assessments based on the
1320 entire spectrum of internationally recognized human rights.

1321 *Existing topic-specific Standards*

1322 All TC members feel that the existing topic-specific Standards should be either revised or deleted as
1323 they are not aligned with the disclosures that have been developed.

1324 While it was acknowledged that it would be practically and politically difficult to remove the existing
1325 human rights-related topic Standards, there are concerns from TC members that many of the current
1326 data points in these Standards do not offer insight on their own, do not provide a basis for real and
1327 honest comparison across companies and are not useful in conjunction with the disclosures that they
1328 have developed.

1329 It was suggested that a good next step could be to undertake an assessment of the content of the
1330 existing Standards against the disclosures that the TC has developed to identify whether any content
1331 remains of value, and if so, what.

1332 *Choosing topic-specific Standards*

1333 If the GSSB decide to have topic-specific Standards for human-rights related topics, some TC members
1334 proposed that a set of criteria should be developed to identify relevant topics. For example, where
1335 there have been regulatory efforts related to a human rights topic or where expectations are codified
1336 into specific norms, such as modern slavery or occupational health and safety.

1337 One TC members suggested that it may be helpful to consider topics across the following categories:

- 1338 • Business as an employer;
- 1339 • Business as an acquirer/lessor of land/property;
- 1340 • Business and its business relationships;
- 1341 • Business and its interactions with vulnerable or marginalized groups; and
- 1342 • The integration between sustainable development issues, and with financial reporting.

1343 In addition, the topics of living wage, land acquisition and use or freedom of expression were
1344 suggested by some TC members for inclusion as topic-specific Standards.

1345 **Guidance**

1346 There was stronger support amongst TC members for the development of optional guidance for
1347 reporting on individual human rights.

1348 It was suggested that guidance can inspire reporting organizations to think critically about the types of
1349 additional information that could provide valuable insight based on their circumstances or to assist
1350 organizations in determining the types of disclosure or level of detail expected for reporting on that
1351 topic. For example, a number of TC members flagged that Rights of Indigenous Peoples is a critical
1352 topic for some sectors and in that case organizations may need additional information on how to
1353 report on the topic in more detail than might be elicited by the disclosures outlined in Section I.

1354 TC members argued that framing relevant information for topics as guidance could avoid some of the
1355 undesirable consequences that can be associated with having mandated reporting requirements for
1356 individual topics, such as treating reporting as a “tick-the-box” exercise.

1357 However, some of the risks related to topic-specific Standards, such as inadvertently encouraging
1358 organizations to focus only the human rights topics that have dedicated Standards, may also apply to
1359 topic-specific guidance.

1360 **Mandatory disclosures**

1361 It was proposed by some TC members that it may be appropriate to have mandatory reporting on a
1362 limited number of human rights that are considered universally relevant to all reporting organizations
1363 and that enable the realization of other human rights.

1364 A number of TC members suggested that freedom of association/collective bargaining, privacy and
1365 non-discrimination are ‘cross-cutting’ or ‘enabling’ human rights issues and should be included as
1366 mandatory general disclosures in *GRI 102: General Disclosures*.

1367 The following arguments were made in favor of incorporating mandatory disclosures on these three
1368 topics:

- 1369 • Freedom of association/collective bargaining is considered to be relevant to all organizations
1370 with employees, as well as a right that serves as a foundation for a number of other rights for
1371 employees and other workers.

- 1372 • The elimination of discrimination is a principle which is the subject of core ILO Conventions
1373 and it can undermine the enjoyment of other human rights. It was identified by TC members
1374 as common to all businesses, with one member flagging that this is an area in which society has
1375 “made far from sufficient progress” and another noting that there are growing requirements
1376 for disclosure on various aspects of non-discrimination, reinforcing the need for reporting
1377 organizations to consider this topic.
1378 • With the advent of technology, privacy is considered currently relevant and growing in
1379 importance. Use of personal data, including that of employees, other workers, and customers,
1380 is not as commonly understood to be related to human rights as freedom of
1381 association/collective bargaining or discrimination, but does present a significant threat to
1382 privacy.

1383 Support for recommending these three topics is not unanimous, however, as the TC was not in
1384 agreement that these three topics are all ‘enabling’ and a couple of TC members argued that it is not
1385 the role of the TC to determine which human rights are cross-cutting or enable the realization of
1386 other rights.

1387 Several TC members raised the concern that if these topics are not included in *GRI 102* as mandatory
1388 general disclosures, organizations would only report on them if they were considered a material topic
1389 despite the fact they appear to be relevant to all reporting organizations.

1390 Opinions on whether human rights topics beyond these three should also be included as mandatory
1391 general disclosures are also mixed.

1392 A few TC members suggested that if additional human rights were to be included, it is appropriate
1393 that they align with the principles concerning fundamental rights in the eight ILO core conventions,
1394 namely:

- 1395 • forced or compulsory labor; and
1396 • child labor.

1397 One TC member felt that the relevance of these two topics is further reinforced by the current
1398 momentum associated with the topic of modern slavery.

1399 It was also noted that the rights that are considered cross-cutting or commonly applicable to
1400 organizations would need to be built over time, as sectors evolve and new ones emerge, and as issues
1401 become more widely relevant.

1402 **Recommendation on topic-specific Standard *GRI 412: Human Rights Assessment***

1403 The TC recommended that topic-specific Standard *GRI 412: Human Rights Assessment* be discontinued,
1404 as its contents will be superseded by the newly developed disclosures in Section I. Relevant contents
1405 from *GRI 412* have been incorporated within the guidance of these new disclosures.