



GSSB Global
Sustainability
Standards Board

Barbara Strozzi 336
1083 HN Amsterdam
The Netherlands
info@gssb.globalreporting.org

Transition to GRI Standards

Item 01 – Draft Management Approach SRS **For GSSB Discussion and Feedback**

Date	28 January 2016
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Project	Transition to GRI Standards
Description	As part of the move to become a standard setter, the Global Sustainability Standards Board (GSSB) has decided that the G4 Guidelines need to be transitioned to Sustainability Reporting Standards (SRSs). This paper presents a revised draft of SRS 301: Management Approach.

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.

About this version

This paper sets out a revised draft of the Sustainability Reporting Standard (SRS) 301: Management Approach.

This draft has been revised since November 2015 based on GSSB feedback – including a consultation with member Dwight Justice on a number of revision projects – and on input from an external standards-writing expert, who led a workshop with the Standards Division in January 2016.

Summary of changes

Based on GSSB members' feedback, the Standards Division has made the following changes.

I. Overview of G4 content within this SRS (301: Management Approach)

- The content in this SRS (301: Management Approach) has been pulled mainly from the G4 Reporting Principles and Standards Disclosures, pages 45-46, and the G4 Implementation Manual, pages 63-65.

In order to prompt more meaningful reporting on the management approach, certain content from the G4 Implementation Manual (guidance) has been made a disclosure requirement. Former disclosure G4-DMA-b now requests a description of certain components of the management approach (such as policies or specific actions) when these are used to manage the topic. This is in addition to a general description of how the organization manages the topic. Guidance is provided for describing different components of the management approach. If these components do not exist, the reporting organization can use reasons for omissions, as outlined in SRS 101: Foundation.

The remaining content from the G4 Implementation Manual (guidance) on management approach has been rephrased as either a required methodology (using 'shall') when the Standards Division believed the criteria should be mandatory; or it has been rephrased as a recommended methodology (using 'should'), or has been included in 'Guidance' (using 'can'), when the G4 text and documentation gave no clear indication of the status of the content.

- In addition, two other sets of G4 content have been added to this SRS (301: Management Approach):
 - The G4 General Standard Disclosures on boundary (G4-20 and G4-21) – *G4 Reporting Principles and Standard Disclosures, page 29* – have been moved into this SRS. The description of *where* a topic is material (boundary) should sit close to the description of *why* a topic is material (the latter currently sits within G4-DMA-a). With this move, the Standards Division hopes to prompt more meaningful reporting on topic boundaries. The new proximity aims to prompt a cohesive discourse:
 - Why is the topic material?
 - Where is it material? (the boundary)
 - What is the organization doing about it?
 - What are the results?

41 ○ The grievance mechanisms content from G4 – *G4 Implementation Manual*, pages
42 140-141, 171-172, 196-197, and 219-220 – has also been moved into this SRS and
43 existing duplication across the G4 Categories has been eliminated. This move has
44 been made on the basis that, unlike Aspects such as water or child labor, grievance
45 mechanisms are not a sustainability topic which should be subject to materiality.
46 Instead, grievance mechanisms should be part of an organization’s management
47 approach to identify impacts, and to remediate them when they occur. The key
48 purpose of grievance mechanisms is to provide remedy when adverse impacts
49 occur; providing remedy for adverse impacts is, in turn, a basic expectation
50 expressed in international standards with respect to impact management and due
51 diligence.

52 The Standards Division had previously identified additional G4 content that could
53 sit within the Management Approach standard series (e.g., on supply chain due
54 diligence, compliance, and impact assessment). These contents will initially be
55 transitioned as Topic-specific SRSs, as substantive revision would be needed to
56 re-work these contents into a management approach format. However, the
57 structure proposed in this paper should help future-proof the Management
58 Approach SRS. With this structure, the Management Approach SRS should be
59 easy to update in the future to include additional management approach and due
60 diligence content (e.g., on supply chain due diligence, impact assessment).

61 2. **Overall structure and format (based on SRS templates):**

- 62 ● This SRS is now structured as follows:
 - 63 ○ An **introduction** – which contains all background and ‘boilerplate information’ (e.g.,
64 About the SRSs, responsibility for this standard, scope, normative references).
 - 65 ○ The **standard itself** (i.e., requirements and guidance) – with 2 sub-sections:
 - 66 – Management approach
 - 67 – References
 - 68 ○ The management approach section contains:
 - 69 – Disclosure requirements – these are phrased using ‘shall’ – this is pulled mainly
70 from the G4 Reporting Principles and Standard Disclosures
 - 71 – Methodology – these include a mix of ‘shall’ and ‘should’, based on text previously
72 in the G4 Implementation Manual
 - 73 – Guidance – background context, explanations, or ‘can’ statements to indicate
74 possibility – this is pulled mainly from the G4 Implementation Manual
- 75 ● This SRS uses the **‘series’ numbering system** discussed with the GSSB in December.
76 Each category of SRSs has a unique number series (200 for General Disclosures, 300 for
77 Management Approach, etc.), and will therefore be easily identifiable once users are
78 familiar with the new system.
- 79 ● **Numbering within the SRSs** has been revised based on advice from an external
80 standards-writing expert. Each requirement (clause) is now numbered separately, which
81 will allow future versions to insert or delete clauses without affecting the overall hierarchy.
- 82 ● **Disclosure requirements are now called out in boxes** with a unique identifier based
83 on the SRS number – this will replace the current disclosure label (e.g., G4-DMA, G4-20).

84 Note: within each disclosure requirement, the sub-elements are not numbered. Instead,
85 they retain the 'a, b, c...' system from G4. This is to help ensure that if disclosure
86 requirements are used externally (or outside the context of the SRSs) the numbering will
87 still be logical within each disclosure requirement.

88 **3. Background (Introduction) sections:**

- 89 • Based on feedback from the December GSSB meeting, a shortened version of the
90 background information on using SRSs is now included. A more complete background
91 section will be located in the SRS 101: Foundation and referenced in the other SRSs.

92 **4. Clarifying what is required:**

- 93 • There is now a clearer distinction between **requirements** and **guidance** throughout
94 the document:
 - 95 ○ All disclosure requirements have a 'shall' statement requiring mandatory reporting.
 - 96 ○ For existing text from the G4 Implementation Manual:
 - 97 – If the Standards Division believed the criteria should be mandatory, the clause
98 has been rephrased as a requirement (using 'shall')
 - 99 – When the G4 text and documentation gave no clear indication of the status
100 of the content, it has been included as a recommendation (using 'should')
 - 101 under 'Methodology' or has been included in 'Guidance' (using 'can')

102 **5. Additional content and wording changes:**

- 103 • Text from the G4 Implementation Manual has been lightly revised in some areas to reduce
104 duplication and improve clarity and logic. Content changes as per the agreed revision
105 principles, and wording changes, are indicated in comment boxes throughout this SRS.

1. Overall structure and format: The GSSB is asked to **approve the overall structure and format** of this SRS.
2. Clarifying what is required: In some cases, the original intent of text from the G4 Implementation Manual was not clear; imperatives, statements and terms such as 'should' and 'may' are used inconsistently. Therefore it requires a judgment by the Standards Division as to whether these clauses should be clarified as requirements (shall), recommendations (should), or as guidance in the new SRSs. The use of new instructive verbs (shall, should, can) has been highlighted in **red** within Methodology and Guidance sections of this SRS. The original G4 wording is provided within comment boxes for each instance, for the convenience of the GSSB.

The GSSB is asked to please review the Methodology and Guidance sections in this SRS and **indicate if it disagrees with any of the uses of instructive verbs** (e.g., shall, should).

107 Sustainability Reporting Standard 301:
108 Management Approach 2016

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

109 Contents

110	Introduction	8
111	A. About the Sustainability Reporting Standards (SRSs).....	8
112	B. Responsibility for this standard.....	8
113	C. Scope.....	8
114	D. Normative References.....	8
115	E. Effective Date.....	8
116	F. Background Context.....	8
117	SRS 301: Management Approach	9
118	1. Management Approach.....	9
119	2. References.....	13

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120 Introduction

121 *A. About the Sustainability Reporting Standards (SRSs)*

122 [to be provided]

123 *B. Responsibility for this standard*

124 [to be provided]

125 *C. Scope*

126 [to be provided: this text will state that the reporting organization describes its management
127 approach for each material topic, including those not covered by the SRSs.]

128 *D. Normative References*

129 [to be provided]

130 *E. Effective Date*

131 [to be provided]

132 *F. Background Context*

133 Disclosures on management approach are intended to give the reporting organization an
134 opportunity to explain its management of material topics. This means describing how it identifies,
135 analyzes, and responds to the economic, environmental and social impacts related to material
136 topics.

137 They also provide context for the information reported using topic-specific SRSs (400, 500 and
138 600 series). This can be especially useful for explaining quantitative information to stakeholders.

139 The disclosure requirements in this SRS have a 'generic' form – they can be applied to a wide
140 variety of topics. Some topic-specific SRSs contain additional guidance for reporting management
141 approach information for the topic in question.

SRS 301: Management Approach

1. Management Approach

Disclosure requirements

I.1 The reporting organization shall report disclosure 301-1 as follows:

Disclosure 301-1

- a. Why the topic is material.

I.2 The reporting organization shall report disclosure 301-2 as follows:

Disclosure 301-2

- a. Whether the topic is material within the organization, outside of the organization, or both.
- b. If applicable, a list of entities or groups of entities within the organization for which the topic is material.
- c. If applicable, a list of entities, groups of entities or elements outside of the organization for which the topic is material, including their geographic location.
- d. Any specific limitation regarding the topic Boundary.

I.3 The reporting organization shall report disclosure 301-3 as follows:

Disclosure 301-3

- a. How the reporting organization manages the topic.
- b. If the management approach includes any of the following components, provide a description of each:
 - i. Policies
 - ii. Specific actions
 - iii. Grievance mechanisms
 - iv. Commitments
 - v. Goals and targets
 - vi. Responsibilities
 - vii. Resources

I.4 If the management approach for a topic includes the use of a grievance mechanism, the reporting organization shall report disclosure 301-4 as follows:

Disclosure 301-4

- a. The total number of grievances regarding the topic filed through formal grievance mechanisms during the reporting period.
- b. Of the identified grievances, how many were:
 - i. addressed during the reporting period
 - ii. resolved during the reporting period
- c. The total number of grievances regarding the topic filed prior to the reporting period that were resolved during the reporting period.

150 1.5 The reporting organization shall report disclosure 301-5 as follows:

Disclosure 301-5

- a. How the organization evaluates the management approach, including:
 - i. the mechanisms for evaluating the effectiveness of the management approach
 - ii. the results of the evaluation of the management approach
 - iii. any related adjustments to the management approach

151 **Methodology**

152 1.6 If certain management approach disclosures are combined for a group of topics, the
153 reporting organization **shall** state clearly which topics are covered by each disclosure.

154 1.7 When reporting disclosure 301-1, the reporting organization **should** describe any
155 processes it used to identify its impacts, such as due diligence.

156 1.8 When reporting disclosure 301-3, the reporting organization **should** describe whether the
157 management approach is intended to avoid, mitigate, or remediate negative impacts, or
158 enhance positive impacts.

159 1.9 If there is no management approach for the topic to report for disclosures 301-3, 301-4
160 and 301-5, the reporting organization **shall**:

161 1.9.1 describe any plans to implement a management approach, or

162 1.9.2 describe the reasons for not having a management approach

Guidance

If the reporting organization's management approach or its components (such as policies or specific actions) apply to more than one topic, such information **can** be provided once in a report; it does not need to be repeated throughout the report for every topic.

Guidance for 301-1

[To be provided]

Guidance for 301-2

[To be provided]

Guidance for 301-3

Policies

When describing policies, the reporting organization **can** provide an abstract, summary, or link to the publicly-available policies that cover the topic, as well as the following information:

- Range of entities covered by the policies and their location
- Identification of the person or committee responsible for approving the policies
- References to international standards and widely-recognized initiatives
- The date of issue and last review date

Specific actions

Specific actions **can** include:

- processes
- projects
- programs
- initiatives

For each of the specific actions, the reporting organization **can** explain:

- the range of entities covered by the actions and their location
- whether the actions are ad hoc or systemic
- whether the actions are short, medium, or long-term
- how actions are prioritized
- whether specific actions are part of a due diligence process and aim to avoid, mitigate, or remediate the negative impacts with respect to the material topic
- whether actions are informed by international norms or standards

International norms and standards include the *OECD Guidelines for Multinational Enterprises*, the *UN Protect, Respect and Remedy: a Framework for Business and Human Rights* and the UN 'Guiding Principles on Business and Human Rights'.

Grievance mechanisms

The description of the grievance mechanisms **can** include:

- the availability and accessibility of grievance mechanisms and remediation processes for negative impacts, including along the organization's supply chain, and the involvement of stakeholders in monitoring their effectiveness.
- a list of the types of training on the availability and accessibility of grievance mechanisms and remediation processes.

Stakeholders involved in monitoring the effectiveness of the reporting organization's grievance mechanisms and remediation processes may include suppliers and local community and workers' representatives.

Commitments

When describing commitments, the reporting organization **can** provide a statement of intent to manage the impacts for the material topic, or it can describe:

- the organization's position towards the material topic
- whether the commitment to manage the material topic is based on regulatory compliance or extends beyond it
- compliance with international standards and widely-recognized initiatives related to this topic

Goals and targets

The description of goals and targets **can** include:

- the baseline and context for goals and targets
- range of entities included in the goals and targets, and their location
- the expected result (quantitative or qualitative)
- the expected timeline for achieving each goal and target
- whether goals and targets are mandatory (based on legislation) or voluntary, and if mandatory, list relevant legislation

Responsibilities

The description of responsibilities **can** include:

- who is assigned responsibility for managing the material topic
- whether the responsibility is linked to performance assessments or incentive mechanisms

For requirements regarding the disclosure of the highest governance body's responsibilities see **SRS 201: General Disclosures**.

Resources

The description of resources **can** include the resources allocated for managing the topic, such as financial, human or technological, and the rationale for the allocation.

Guidance for 301-4

Formal grievance mechanisms **can** be managed by the reporting organization or by an external party.

If it will provide appropriate context on significant impacts, the reporting organization **can** break down the number of grievances by the nature and location of the grievance, and the party that filed the grievance (such as employees, suppliers or local communities).

Guidance for 301-5

When reporting the evaluation of its management approach, the reporting organization **can** focus its explanation on three items:

- Mechanisms for monitoring the effectiveness of the management approach. This **can** include:
 - internal or external auditing or verification (type, system, scope)
 - measurement systems
 - external performance ratings
 - benchmarking
 - stakeholder feedback
- Results:
 - SRS disclosures or organization-specific measurements used to report results
 - Performance against goals and targets – key successes and shortcomings
 - How results are communicated
 - Challenges and gaps in the management approach
 - Any obstacles encountered, unsuccessful endeavors, and any lessons learnt in the process
 - Progress in implementing the management approach
- What is the reporting organization doing differently as a result?
 - Changes in the allocation of resources, goals, targets, and specific actions aimed at improving performance
 - Other changes to the management approach

Guidance

The following documents informed the development of this SRS. Familiarity with these documents is recommended, as they can improve understanding of the disclosure requirements.

- United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises*, John Ruggie, 2011.
- Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
- United Nations (UN), 'Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework', 2011.
- United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human Rights*, 2008.

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Annex A. Original wording of G4 disclosure requirements within this SRS

G4-DMA (Disclosure 301-1, 301-3-a and 301-5 within this SRS)

- a. Report why the Aspect is material. Report the impacts that make this Aspect material.
- b. Report how the organization manages the material Aspect or its impacts.
- c. Report the evaluation of the management approach, including:
 - The mechanisms for evaluating the effectiveness of the management approach
 - The results of the evaluation of the management approach
 - Any related adjustments to the management approach

G4-20 (Disclosure 301-2 within this SRS)

- a. For each material Aspect, report the Aspect Boundary within the organization, as follows:
 - Report whether the Aspect is material within the organization
 - If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:
 - The list of entities or groups of entities included in G4-17 for which the Aspect is not material or
 - The list of entities or groups of entities included in G4-17 for which the Aspects is material
- b. Report any specific limitation regarding the Aspect Boundary within the organization

G4-21 (Disclosure 301-2 within this SRS)

- a. For each material Aspect, report the Aspect Boundary outside the organization, as follows:
 - Report whether the Aspect is material outside of the organization
 - If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified
- b. Report any specific limitation regarding the Aspect Boundary outside the organization

G4-EN34 (Disclosure 301-4 within this SRS)

NUMBER OF GRIEVANCES ABOUT ENVIRONMENTAL IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

- a. Report the total number of grievances about environmental impacts filed through formal grievance mechanisms during the reporting period.
- b. Of the identified grievances, report how many were:
 - Addressed during the reporting period
 - Resolved during the reporting period
- c. Report the total number of grievances about environmental impacts filed prior to the reporting period that were resolved during the reporting period.

200 **G4-LA16 (Disclosure 301-4 within this SRS)**

201 NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED, ADDRESSED, AND
202 RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

- 203 a. Report the total number of grievances about labor practices filed through formal grievance
204 mechanisms during the reporting period.
- 205 b. Of the identified grievances, report how many were:
- 206 • Addressed during the reporting period
 - 207 • Resolved during the reporting period
- 208 c. Report the total number of grievances about labor practices filed prior to the reporting
209 period that were resolved during the reporting period.

210 **G4-HR12 (Disclosure 301-4 within this SRS)**

211 NUMBER OF GRIEVANCES ABOUT HUMAN RIGHTS IMPACTS FILED, ADDRESSED, AND
212 RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

- 213 a. Report the total number of grievances about human rights impacts filed through formal
214 grievance mechanisms during the reporting period.
- 215 b. Of the identified grievances, report how many were:
- 216 • Addressed during the reporting period
 - 217 • Resolved during the reporting period
- 218 c. Report the total number of grievances about human rights impacts filed prior to the
219 reporting period that were resolved during the reporting period.

220 **G4-SO11 (Disclosure 301-4 within this SRS)**

221 NUMBER OF GRIEVANCES ABOUT IMPACTS ON SOCIETY FILED, ADDRESSED, AND
222 RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

- 223 a. Report the total number of grievances about impacts on society filed through formal
224 grievance mechanisms during the reporting period.
- 225 b. Of the identified grievances, report how many were:
- 226 • Addressed during the reporting period
 - 227 • Resolved during the reporting period
- 228 c. Report the total number of grievances about impacts on society filed prior to the reporting
229 period that were resolved during the reporting period.