Item 02 – Exposure draft of Universal Standards: GRI 101, GRI 102, and GRI 103

For GSSB approval

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<tr>
<td>Meeting</td>
<td>20 May 2020</td>
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<tr>
<td>Project</td>
<td>Review of GRI’s Universal Standards</td>
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| Description| This document sets out the exposure draft of the revised GRI Universal Standards, for the approval of the GSSB. The exposure draft is structured as follows:  
  - GRI 101: Using the GRI Standards (lines 1 – 816)  
  - GRI 102: About the Organization (lines 817 – 2176)  
  - GRI 103: Material Topics (lines 2177 – 2855)  
  - Glossary (lines 2856 – 3149)  
  The exposure draft is accompanied by the following two annexes:  
  - Annex I – Explanatory memorandum: The explanatory memorandum sets out the objectives for the review of GRI’s Universal Standards, the significant proposals contained in the exposure draft, and a summary of the GSSB’s involvement and views on the development of the draft.  
  - Annex 2 – GRI Sector Program information sheet: The information sheet helps reviewers understand references to the GRI Sector Standards included in exposure draft. |

Feedback requested from GSSB  
The GSSB is requested to send any questions, concerns, or feedback on this exposure draft by email to the GSSB Secretariat by COB Friday 15 May 2020. This will allow the Standards Division to analyze and respond to comments ahead of the GSSB meeting on 20 May 2020.

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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Notes: Defined terms are underlined in the text of the GRI Standards and hyperlinked to their definitions in the Glossary.
1. **Introduction**

1.1 **Sustainability reporting and the GRI Standards**

’Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs’.¹ Through their activities and business relationships, organizations impact the economy, environment, and people, and in turn make negative and positive contributions to sustainable development.

The GRI Sustainability Reporting Standards (GRI Standards) enable an organization to publicly disclose its most significant impacts and how it manages these impacts, in accordance with a globally-accepted standard. This allows information users to make informed assessments and decisions about the organization.

The GRI Standards are designed to be used by any organization – large or small, private or public, regardless of sector, location, and reporting experience. The Standards create a common language for organizations to report on their impacts in a consistent and credible way. This enhances the global comparability and quality of this information and enables greater transparency and accountability of organizations.

1.2 **How to use the GRI Standards**

The GRI Standards cover disclosures on a wide range of sustainable development topics. They have been developed to help an organization prepare and report information that focuses on its material topics. Material topics are topics that reflect the organization’s most significant impacts on the economy, environment, and people, including impacts on human rights.

The Standards provide a flexible framework for reporting. Organizations can either report on all their material topics in accordance with the GRI Standards, or they can use selected GRI Standards, or parts of their content, to report information with reference to the GRI Standards.

**Reporting in accordance with the GRI Standards**

Reporting in accordance with the GRI Standards provides a complete and balanced picture of an organization’s material topics and related impacts and how it manages these topics. The requirements for an organization reporting in accordance with the GRI Standards (Approach A) are set out in Section 3.1 of this Standard.

**Reporting with reference to the GRI Standards**

An organization can use selected GRI Standards, or parts of their content, to report information that meets the needs of specific information users for specific purposes, such as complying with regulatory requirements. The requirements for an organization reporting with reference to the GRI Standards (Approach B) are set out in Section 3.2 of this Standard.

**Format of reported information**

The information reported using the GRI Standards can be published or made accessible in a range of formats (e.g., electronic, paper-based) across one or more locations (e.g., standalone sustainability reports).

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The term ‘reported information’ in the GRI Standards is used to refer to this information.

The term ‘sustainability reporting’, as used in the GRI Standards, refers to the entire process of reporting, from identifying material topics to reporting the disclosures.

1.3 Structure of the GRI Standards

The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and Topic Standards.

Universal Standards

GRI 101: Using the GRI Standards is the starting point for all organizations. It introduces the system of GRI Standards and explains how they are to be used. This Standard applies to all organizations using the Standards, whether reporting in accordance with or with reference to the Standards.

GRI 102: About the Organization contains disclosures for contextual information about the organization. These include disclosures that provide details about the organization and its reporting practices, activities, governance, responsible business conduct policies and practices, and stakeholder engagement.

GRI 103: Material Topics includes guidance for identifying material topics, and contains disclosures about the organization’s material topics and related impacts, how it identifies its material topics, and how it manages each material topic.

Sector Standards

The Sector Standards provide information on the most likely material topics for organizations in a given sector. The organization uses the applicable Sector Standard(s) to assist in identifying its material topics and what to report for each material topic.

Topic Standards

The Topic Standards include disclosures that provide information on particular topics. The organization selects and uses the Topic Standards that correspond to the material topics it has identified.
1.4 Requirements, guidance, and defined terms

The following apply throughout the GRI Standards:

Requirements are presented in bold font and indicated with the word 'shall'.

Guidance sections include background information, explanations, and examples to help organizations better understand the requirements.

The guidance sections also include 'should' statements, which indicate recommendations, and 'can' statements, which indicate a possibility or an option.

The organization is not required to comply with guidance.

Defined terms are underlined in the text of the GRI Standards and hyperlinked to their definitions in the Glossary. The organization is required to apply the definitions in the Glossary.

1.5 Overview of this Standard

GRI 101: Using the GRI Standards is the starting point for an organization to understand and apply the GRI Standards. The rest of this Standard is structured as follows:

- Section 2 explains key concepts that are used throughout the GRI Standards. These are critical to understanding how to prepare and report information with the Standards.
• Section 3 sets out the two ways in which the GRI Standards can be used and presents the specific statements of use that these require.

• Section 4 presents the reporting principles, which are fundamental to ensuring the quality of the reported information.

• Section 5 includes recommendations on aligning sustainability reporting with other types of reporting and on methods for enhancing the credibility of reporting.
2. **Key concepts in the GRI Standards**

This section explains concepts that lay the foundation for sustainability reporting. Understanding how these concepts are used in the Standards is essential for reporting as well as interpreting the information reported using the GRI Standards.

### 2.1 Impact

In the GRI Standards, impact refers to the effect an organization has or could have on the economy, environment, or people, including on human rights, as a result of its activities or business relationships. These impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible. These impacts indicate the organization's contribution, negative or positive, to sustainable development.

The organization's impacts on the economy refer to the impacts on economic systems at local, national, and global levels. An organization can impact the economy through, for example, its taxes and payments to governments, its procurement practices, or its competition practices.

The organization's impacts on the environment refer to the impacts on living and non-living natural systems, including land, air, water, and ecosystems. An organization can impact the environment through, for example, its use of water, energy, land, and other natural resources.

The organization's impacts on people refer to the impacts on individuals and groups. Individuals or groups that have interests that are, or could be, affected by the organization’s activities and decisions are referred to as stakeholders (see Section 2.4 of this Standard). An organization can impact people through, for example, its employment practices (such as the wages it pays to employees), its supply chain (such as the working conditions of workers making the organization’s products), and its products and services (such as their safety or affordability). The most acute impacts an organization can have on people are those that negatively affect their human rights.

### 2.2 Material topic

An organization might identify many impacts on which to report. When using the GRI Standards, the organization prioritizes reporting on those topics that reflect its most significant impacts on the economy, environment, and people, including impacts on human rights. In the GRI Standards, these are the organization’s material topics.

Examples of topics could be anti-corruption, water and effluents, or occupational health and safety. A topic need not be limited to one dimension, i.e., only the economy, or the environment, or people; it can cover impacts across all these three dimensions. For example, an organization might identify ‘water and effluents’ as a material topic based on the impacts its water use has on natural ecosystems as well as on local communities’ access to water. The GRI Standards group impacts under topics, like ‘water and effluents’, to help organizations report in a more cohesive way on multiple impacts that relate to the same topic.

In order to prioritize its most significant impacts for reporting, the organization needs to assess the significance of the impacts. The significance of a negative impact is assessed based on its severity (scale, scope, and irremediable character) and likelihood. In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood. The significance of a positive impact is assessed based on its scale, scope, and likelihood. See Section 2 of GRI 103: Material Topics for more information on assessing the significance of impacts.
Box 1. Reporting using different materiality perspectives

The GRI Standards focus on an organization’s most significant impacts outward: on the economy, environment, and people, including impacts on human rights. These impacts can have negative or positive consequences for the organization itself (such as operationally or reputationally, and therefore in many cases financially). For example, an organization’s high use of non-renewable energy contributes to climate change and could at the same time result in increased operating costs due to legislation that seeks to shift energy use toward renewable sources.

The outward impacts of an organization are therefore also important for those interested in the financial performance and long-term success of the organization. Understanding an organization’s impacts outward is necessary in order to identify financially material risks, opportunities, and impacts for the organization.

An organization may want to report on its impacts outward as well as the financially material risks, opportunities, and impacts it faces as a result of these outward impacts, in an annual report or an integrated report, for example. When doing so, it is important for the organization to report on all its material topics identified using the GRI Standards, in order to report in accordance with the GRI Standards. The material topics identified using the GRI Standards need to be prioritized in their own right and cannot be deprioritized on the basis that they are not financially material.

2.3 Due diligence

Due diligence is the process through which an organization identifies, prevents, mitigates, and accounts for how it addresses its actual and potential negative impacts on the economy, environment, and people, including impacts on human rights. The organization should address potential negative impacts through prevention or mitigation. It should address actual negative impacts through remediation and prevent their recurrence.

The way an organization is involved with negative impacts is important for determining how to address the impacts:

- The organization should avoid causing or contributing to negative impacts through its own activities, and address such impacts when they occur by providing for or cooperating in their remediation through legitimate processes.

- In the case of negative impacts that are directly linked to the organization’s operations, products, or services by its business relationships, the organization should seek to prevent or mitigate these impacts even if it has not contributed to them. The organization does not have a responsibility to provide for remediation of these impacts, but it can play a role in doing so.

If it is not feasible to address all identified impacts at once, the organization should prioritize the order in which it addresses negative impacts based on their severity and likelihood. In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood.

2.4 Stakeholder

Stakeholders are individuals or groups that have interests that are, or could be, affected by an organization's activities and decisions. Common categories of stakeholders for organizations include business partners, civil society organizations, consumers, customers, employees and other workers, governments, local communities, non-governmental organizations, shareholders, suppliers, trade unions, and vulnerable groups.

In the GRI Standards, an interest (or ‘stake’) is something of value to an individual or group that can be affected by the activities and decisions of an organization. Stakeholders can have more than one interest. Not all interests are of equal importance and they do not need to be treated equally.

Stakeholder interests can be negatively or positively affected by the organization’s activities and decisions. Due diligence focuses on identifying individuals or groups whose interests, such as their human rights, are or could be negatively affected by the organization’s activities and decisions.

Stakeholders do not need to have a direct relationship with the organization; for example, the workers in the organization’s supply chain can also be its stakeholders. The organization should also identify the interests of those who are unable to articulate their views (e.g., future generations).

Moreover, stakeholders might themselves be unaware that they are stakeholders of a particular organization, especially if they have not yet been affected by its activities and decisions.

Not all of an organization’s stakeholders will be affected by all activities and decisions of the organization. The organization needs to identify the stakeholders whose interests have to be taken into account in connection with a specific activity or decision (i.e., the relevant stakeholders).

The organization might not be able to engage with all relevant stakeholders directly. In these cases, the organization can engage with credible stakeholder representatives or proxy organizations (e.g., non-governmental organizations, representative public bodies).

In addition to engaging with stakeholders, the organization can also consult with experts on specific issues or contexts (e.g., non-governmental organizations, academics) for advice, such as for identifying and managing its impacts.

Sometimes it is necessary to distinguish between stakeholders whose interests have been affected (i.e., affected stakeholders), and those whose interests have not yet been affected but could potentially be affected (i.e., potentially affected stakeholders). For example, if an organization’s activity results in a safety hazard, workers who are injured because of the hazard are affected stakeholders, and workers who have not yet been injured but who are exposed to the hazard and could be injured are potentially affected stakeholders.

These distinctions are important in due diligence. In the example of the safety hazard, identifying workers who are injured is necessary to determine which workers should receive remedy.

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3. Sustainability reporting using the GRI Standards

The organization can select between two approaches for using the GRI Standards:

A. Reporting in accordance with the GRI Standards: The organization uses the set of GRI Standards to report on its most significant impacts on the economy, environment, and people.

B. Reporting with reference to the GRI Standards: The organization uses selected GRI Standards, or parts of their content, to report information about specific topics.

Each approach to reporting with the GRI Standards has a set of requirements and a corresponding statement of use that the organization is to use once it meets these requirements. These requirements and statements are set out in Sections 3.1 and 3.2.

Table 1. Overview of requirements for Approaches A and B

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<td>Requirement A-7: Provide a statement of use</td>
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<td>Requirement A-8: Notify GRI</td>
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3.1 Approach A: Reporting in accordance with the GRI Standards

Reporting in accordance with the GRI Standards provides a complete and balanced picture of an organization’s material topics and related impacts and how it manages these topics. It also provides information about the organization’s specific context, which assists in understanding the organization’s approach towards its material topics.

To report in accordance with the GRI Standards, the organization must comply with all the requirements in this section. These requirements ensure that the organization:

- applies the reporting principles;
- reports contextual information, including information on its reporting practices, activities, governance, responsible business conduct policies and practices, and stakeholder engagement;
- identifies its material topics;
- reports information on its impacts and how it manages these impacts for each of its material topics.
If the organization does not meet all these requirements, it cannot claim that it has prepared the reported information in accordance with the GRI Standards. In this case, the organization may be able to claim that it has prepared the reported information with reference to the GRI Standards (Approach B), provided it meets the requirements as set out in Section 3.2.

Requirement A-1: Apply the reporting principles

a. The organization shall apply all the reporting principles set out in Section 4 of GRI 101: Using the GRI Standards.

Requirement A-2: Report the disclosures in GRI 102

a. The organization shall report all disclosures in GRI 102: About the Organization.

Requirement A-3: Identify material topics

The organization shall:

a. identify its material topics;
b. use the GRI Sector Standard(s) that apply to its sector(s), where these are available, to identify its material topics in A-3-a.

Guidance

Section 2 of GRI 103: Material Topics provides guidance on how to identify material topics.

Requirement A-4: Report the disclosures in GRI 103

The organization shall:

a. report how it has identified its material topics using Disclosure MT-1 in GRI 103: Material Topics;
b. report its material topics and related impacts using Disclosure MT-2 in GRI 103: Material Topics;
c. for each material topic, whether covered by a GRI Topic Standard or not, report how it manages the material topic and related impacts, using Disclosure MT-3 in GRI 103: Material Topics.
Requirement A-5: Report appropriate disclosures for each identified material topic

For each material topic, the organization shall:

a. report appropriate disclosures from the GRI Topic Standards that correspond to the material topic;

b. if it cannot comply with a requirement within an appropriate disclosure from a GRI Topic Standard identified in A-5-a:
   i. specify the requirement that it has omitted;
   ii. provide one of the following four reasons for omission and the required explanation for that reason.

<table>
<thead>
<tr>
<th>Reason for omission</th>
<th>Required explanation</th>
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<tbody>
<tr>
<td>Not appropriate</td>
<td>Describe why the requirement does not contribute toward explaining the impacts related to the organization’s material topic.</td>
</tr>
<tr>
<td>Confidentiality constraints</td>
<td>Describe the specific confidentiality constraints.</td>
</tr>
<tr>
<td>Legal prohibitions</td>
<td>Describe the specific legal prohibitions.</td>
</tr>
<tr>
<td>Information incomplete or unavailable</td>
<td>Describe the steps being taken to obtain the missing information and the expected time frame.</td>
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<tr>
<td></td>
<td>If the required information cannot be obtained, or it is not of adequate quality to report (as might be the case when the information is collected from another organization, e.g., a supplier), explain this situation.</td>
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Guidance

Guidance to A-5-a

Appropriate disclosures are those that adequately capture the impacts related to the organization’s material topics.

If a material topic is covered by an existing GRI Topic Standard, the organization is required to report appropriate disclosures from that Standard.

The topic names used in the GRI Topic Standards are intentionally high-level, as each topic can cover a number of related areas. For example, the Topic Standard GRI 303: Water and Effluents 2018 covers a range of specific areas related to water and effluents, such as water stress, water pollution, and access to water.

In some cases, the organization might identify a material topic that does not exactly match the topic names used in the GRI Topic Standards. In these cases, if the material topic is similar or relates to one of the topics covered in the GRI Topic Standards, the organization should use the corresponding GRI Topic Standard to identify appropriate disclosures to report on its material topic.

When Topic Standards include disclosures on a range of areas, the organization only needs to report the appropriate disclosures that relate to the impacts identified by the organization.
For example, suppose an organization identifies energy and GHG emissions as material topics. These topics are covered by GRI 302: Energy 2016 and GRI 305: Emissions 2016. However, the only form of energy that the organization consumes is purchased electricity. Neither the organization nor any of the sources that it owns or controls consume fuel. In this case, the disclosure related to fuel consumption in GRI 305, i.e., Disclosure 305-1 Direct (Scope 1) GHG emissions, does not adequately capture the organization’s impacts for the topic of GHG emissions and the organization is not required to report it. The organization is only required to report the appropriate disclosures from GRI 302 and GRI 305 related to the specific impacts it has identified for the material topics of energy and GHG emissions.

If the GRI Topic Standards do not provide appropriate disclosures for the organization’s impacts for a material topic, or if the organization’s material topic is not covered by the GRI Topic Standards, the organization should report appropriate disclosures from other sources. For example, suppose an organization identifies chemicals of concern as a material topic. As there is currently no GRI Topic Standard that covers this topic, the organization should report appropriate disclosures using other frameworks or develop its own disclosures to report on this topic.

Guidance to A-5-b

When the organization cannot comply with a requirement within an appropriate disclosure from a GRI Topic Standard it has identified in A-5-a, it is required to use one of the four reasons for omission. Reasons for omission are not permitted for the requirements in GRI 102: About the Organization and GRI 103: Material Topics.

Reasons for omission should only be used in exceptional cases when the organization is unable to comply with a requirement. Using reasons for omission frequently or for critical requirements reduces the credibility and usefulness of the reported information. Additionally, it does not align with reporting in accordance with the GRI Standards, which aims to provide a complete and balanced picture of the organization’s most significant impacts.

In the example above where the organization only consumes purchased electricity and does not consume fuel, it can use the 'not appropriate' reason for omission for the requirements in Disclosure 302-1 Energy consumption within the organization in GRI 302: Energy 2016 which relate to fuel, e.g., 302-1-a and 302-1-b. Note that the organization is not required to provide a reason for omission for disclosures from a GRI Topic Standard that it has identified as not appropriate; the reasons for omission only apply when the organization cannot comply with requirements within the appropriate disclosures.

Requirement A-6: Publish a GRI content index

a. The organization shall publish a GRI content index in one location that is publicly and easily accessible, using the template set out in Appendix 1.

Guidance

The GRI content index is a navigation tool that provides information users with a quick overview of the organization’s reported information and facilitates easy access to this information. The content index shows which GRI Standards and disclosures the organization has used.
Requirement A-7: Provide a statement of use

a. The organization shall include the following statement in its GRI content index:

[Title of the highest governance body or most senior executive of the organization] acknowledges responsibility for the following statement of use:

The information reported by [name of organization] for the [reporting period] has been prepared in accordance with the GRI Standards.

Guidance

The organization is required to insert the title of its highest governance body or most senior executive, the name of the organization, and the reporting period in the statement. For example:

“The Board of Directors acknowledges responsibility for the following statement of use:

The information reported by ABC Limited for the year ending 31 December 2020 has been prepared in accordance with the GRI Standards.”

This statement applies to all information included in the GRI content index. The term ‘GRI Standards’ includes all Standards (Universal Standards: GRI 101, GRI 102, GRI 103, Topic Standards, and Sector Standards) that are effective at the date when the information is published, as well as Standards that are adopted by the organization earlier than their effective date.

When determining whether the highest governance body or the most senior executive provides the statement of use, an organization should consider its legal and operating context. For some organizations this will be influenced by applicable legislation or regulation, which can be related to:

- the country where the organization is incorporated or registered;
- a stock exchange the organization trades its securities on;
- the nature and type of the organization (e.g., charity, incorporated company, mutual organization).

Requirement A-8: Notify GRI

a. The organization shall register its reported information and statement of use through the GRI Standards Report Registration System.

Guidance

The GRI Standards Report Registration System can be accessed using the GRI website. The registration system notifies GRI of the use of the GRI Standards and the corresponding statement of use reported by the organization. There is no cost associated with notifying GRI of the use of the Standards.
3.2 Approach B: Reporting with reference to the GRI Standards

This is the other approach of reporting using the GRI Standards. The organization can use selected GRI Standards, or parts of their content, to report information to meet the needs of specific information users for specific purposes. For example, the organization can report with reference to the GRI Standards to comply with a specific reporting regulation on climate change. The organization can also report with reference to the GRI Standards if it is unable to meet all the requirements for reporting in accordance with the GRI Standards. However, this approach of using the GRI Standards does not provide a complete and balanced picture of the organization’s most significant impacts on the economy, environment, and people.

To report with reference to the GRI Standards, the organization must comply with all the requirements in this section.

In addition to the meeting these requirements, the organization should apply the reporting principles from Section 4 of this Standard. These principles ensure high-quality sustainability reporting and are important for any information reported using the GRI Standards. The organization should also report how it manages its impacts using Disclosure MT-3 in GRI 103: Material Topics for any topics reported.

Requirement B-1: Publish a GRI content index

a. The organization shall publish a GRI content index in one location that is publicly and easily accessible, using the template set out in Appendix 2.

Guidance

The GRI content index is a navigation tool that provides information users with a quick overview of the organization’s reported information and facilitates easy access to this information. The content index shows which GRI Standards and disclosures the organization has used.

Requirement B-2: Provide a statement of use

a. The organization shall include the following statement in its GRI content index:

[Title of the highest governance body or most senior executive of the organization] acknowledges responsibility for the following statement of use:

The information reported by [name of organization] for the [reporting period] has been prepared with reference to the GRI Standards cited in this content index.

Guidance

The organization is required to insert the title of its highest governance body or most senior executive, the name of the organization, and the reporting period in the statement. For example:

“The Board of Directors acknowledges responsibility for the following statement of use:

The information reported by ABC Limited for the year ending 31 December 2020 has been prepared with reference to the GRI Standards cited in this content index.”
This statement applies to all information included in the GRI content index. The term ‘GRI Standards’ includes all Standards (Universal Standards: GRI 101, GRI 102, GRI 103, Topic Standards, and Sector Standards) that are effective at the date when the information is published, as well as Standards that are adopted by the organization earlier than their effective date.

When determining whether the highest governance body or the most senior executive provides the statement of use, the organization should consider its legal and operating context. For some organizations this will be influenced by applicable legislation or regulation, which can be related to:

- the country where the organization is incorporated or registered;
- a stock exchange the organization trades its securities on;
- the nature and type of the organization (e.g., charity, incorporated company, mutual organization).

**Requirement B-3: Notify GRI**

a. The organization shall register its reported information and statement of use through the GRI Standards Report Registration System.

**Guidance**

The [GRI Standards Report Registration System](http://gri.org) can be accessed using the GRI website. The registration system notifies GRI of the use of the GRI Standards and the corresponding statement of use reported by the organization. There is no cost associated with notifying GRI of the use of the Standards.
4. Reporting principles

The reporting principles are fundamental to achieving high-quality sustainability reporting. The organization is required to apply the reporting principles to be able to claim that it has prepared information in accordance with the GRI Standards (see Section 3.1 of this Standard).

The reporting principles guide organizations in ensuring the quality and proper presentation of the reported information. Quality information enables information users to make sound assessments of the organization’s impacts and aids in decision-making.

Each reporting principle consists of a requirement and guidance on how to apply it.

Overview of principles

- Accuracy
- Balance
- Clarity
- Comparability
- Completeness
- Sustainability context
- Timeliness
- Verifiability

Accuracy

Requirement

a. The organization shall report information that is factually correct and sufficiently detailed to enable the assessment of the organization’s impacts.

Guidance

The characteristics that define accuracy vary depending on the nature of the information (qualitative or quantitative) and the intended use of the information. The accuracy of qualitative information can depend on its level of clarity and detail. The accuracy of quantitative information can depend on the specific methods used to gather, compile, and analyze data. Certain information users require higher levels of accuracy than others.

To apply the Accuracy principle, the organization should:

- report qualitative information that is consistent with available evidence and other reported information;
- indicate which data has been measured;
- adequately describe data measurements and bases for calculations, and ensure it is possible to replicate measurements and calculations with similar results;
- ensure that the margin of error for data measurements does not inappropriately influence the conclusions or assessments of information users;
indicate which data has been estimated, the underlying assumptions and techniques used for the estimation, and any limitations.

Balance

Requirement

a. The organization shall report information in an unbiased way and provide a fair representation of the organization’s negative and positive impacts.

Guidance

To apply the Balance principle, the organization should:

- not omit relevant information concerning its negative impacts;
- not overemphasize positive news or impacts;
- present information in a way that allows information users to see negative and positive trends in impacts on a year-to-year basis;
- distinguish clearly between facts and the organization’s interpretation of the facts;
- avoid presenting information in a way that it is likely to inappropriately influence the conclusions or assessments of information users.

Clarity

Requirement

a. The organization shall present information in a way that is accessible, understandable, and usable.

Guidance

To apply the Clarity principle, the organization should:

- take into account specific accessibility needs of information users associated with abilities, language, and technology;
- present information in a way that users are able to find the information they want without unreasonable effort, for example, through a table of contents, maps, or links;
- present information in a way that it can be understood by users who have a reasonable knowledge of the organization and its activities;
- avoid technical terms, acronyms, or other jargon likely to be unfamiliar to users, and include relevant explanations in the appropriate sections or in a glossary;
- report information in a concise way and aggregate information where useful, without omitting necessary details (i.e., provide the level of detail required by users);
- use graphics and consolidated data tables to make information accessible and understandable.
Comparability

Requirement

a. The organization shall select, compile, and report information in a consistent manner, to enable the analysis of changes in the organization’s impacts over time and the analysis of these impacts relative to other organizations.

Guidance

Comparability is necessary for evaluating an organization’s current impacts against its past impacts and its goals and targets, and against the impacts of other organizations. Consistency allows for assessing progress and for benchmarking by the organization or external parties as part of rating activities, investment decisions, and advocacy programs, among other activities.

To apply the Comparability principle, the organization should:

- present information for the current reporting period and at least two previous periods, as well as any goals and targets that have been set;
- maintain consistency in the methods used to calculate data and the manner of presenting information, and explain the methods and assumptions used to prepare the information;
- use generally accepted international metrics (e.g., kilograms or liters), standard conversion factors, and protocols, where applicable, for compiling and reporting information, and describe the bases for measurements and calculations where this is not apparent;
- report total numbers or absolute data (e.g., metric tons of CO₂ equivalent) as well as ratios or normalized data (e.g., CO₂ emissions per unit produced) to enable comparisons, and provide explanatory notes when using ratios;
- provide contextual information that helps information users understand the factors that contribute to differences between the organization’s impacts and the impacts of other organizations, such as the organization’s size and geographic location;
- if there are changes in the organization’s identified material topics, the length of the reporting period, or other elements of reporting, such as the definitions used, present the current disclosures alongside restatements of historic data to enable comparisons. The organization is required to explain any restatements of information from previous reporting periods and their effect, and report the reasons for such restatements, under Disclosure REP-4 in GRI 102: About the Organization;
- when restatements of historic data are not provided, explain the changes to provide contextual information for interpreting the current disclosures.
Completeness

Requirement

a. The organization shall provide sufficient information to enable the assessment of the organization’s impacts during the reporting period.

Guidance

To apply the Completeness principle, the organization should:

• not omit information that is necessary for understanding the organization’s impacts;
• present activities, events, and impacts for the reporting period in which they occur. This includes reporting on activities that have a minimal short-term impact, but that have a reasonably foreseeable cumulative impact that can become unavoidable or irreversible in the long-term (such as activities that generate bio-accumulative or persistent pollutants).

If the organization consists of multiple entities that form a consolidated group (i.e., a parent entity and its subordinate entities), the organization is required to explain the approach used for consolidating the information. See REP-2-c in GRI 102: About the Organization.

If gaps are identified in collecting information (e.g., when information is not available for all relevant activities or entities), the organization is required to identify and explain these gaps when reporting in accordance with the GRI Standards. See Requirement A-5-b in Section 3.1 of this Standard for more information on reasons for omission.

Sustainability context

Requirement

a. The organization shall report information on its impacts in the wider context of sustainable development.

Guidance

To apply the Sustainability context principle, the organization should:

• draw on objective information and authoritative measures of sustainable development, where available, when reporting on its impacts (e.g., scientific research or consensus on ecological limits, societal expectations);
• report information on its impacts with reference to broader sustainable development conditions and goals, as reflected in recognized sector-specific, local, regional, or global instruments (e.g., reporting total GHG emissions as well as reductions in GHG emissions with reference to the Paris Agreement);
• report information on its impacts with reference to expectations of responsible business conduct set out in internationally recognized instruments with which it is expected to comply (e.g., OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights);
• if operating in a diverse range of locations, report information in a way that communicates its impacts in appropriate local contexts (e.g., reporting total water use as well as water use relative to the sustainable thresholds and the social context of given catchments).
Assessing the organization’s sustainability context provides the organization with critical information for identifying and reporting on its material topics and related impacts (see GRI 103: Material Topics). The GRI Sector Standards describe the sustainability context for organizations in a given sector.

Timeliness

Requirement

a. The organization shall report information on a regular schedule and make it available in time for information users to make decisions.

Guidance

The usefulness of information is closely tied to whether it is available in time for information users to integrate it into their decision-making. The Timeliness principle refers to how regularly information is reported, as well as how up to date the information is in relation to the reporting period.

To apply the Timeliness principle, the organization should:

- make information available in a timely manner;
- balance the need to make information available in a timely manner with the need to ensure that the information is reliable;
- ensure consistency in the frequency of reporting and the length of reporting periods;
- clearly indicate the time period covered by the reported information, for example, when presenting information for several periods;
- indicate when the reported information was last updated and when it will be updated next.

See Section 5.1 of this Standard for information on aligning the reporting periods and the publishing schedules of sustainability reporting with other types of reporting.

Verifiability

Requirement

a. The organization shall gather, record, compile, and analyze information in a way that the information can be examined to establish its credibility.

Guidance

It is important that the reported information can be examined to establish its credibility and to determine the extent to which the reporting principles have been applied.

To apply the Verifiability principle, the organization should:

- ensure that individuals other than those involved in preparing the reported information are able to review the supporting internal controls and documentation;
- document the decision-making processes underlying the organization’s sustainability reporting in a way that allows for the examination of the key decisions as well as the processes, such as the identification of material topics;
• if the organization designs information systems for its sustainability reporting, design these systems in a way that they can be examined as part of an external assurance process;

• be able to identify the original sources of the reported information and provide reliable evidence to support assumptions or complex calculations;

• be able to provide representation from the original information sources, attesting to the accuracy of the reported information within acceptable margins of error;

• avoid including information that is not substantiated by evidence unless it is relevant for understanding the organization’s impacts;

• provide unambiguous explanations of any uncertainties associated with the reported information.

See Section 5.2 of this Standard for more information on enhancing the credibility of sustainability reporting.
5. Additional recommendations for sustainability reporting

This section includes additional recommendations on aligning sustainability reporting with other types of reporting and on methods for enhancing the credibility of reporting.

5.1 Aligning sustainability reporting with other reporting

The organization should align its sustainability reporting with other statutory and regulatory reporting, in particular, its financial reporting. This includes reporting information for the same reporting period and for the same group of entities, and to the extent possible, publishing information at the same time.

5.2 Enhancing the credibility of sustainability reporting

The organization can use several methods to enhance the credibility of its sustainability reporting, including internal controls, external assurance, and stakeholder or expert panels.

Internal controls

The organization should put in place internal controls to strengthen the overall integrity and credibility of its sustainability reporting. Internal controls are processes designed and implemented by the organization, generally its management, to provide reasonable assurance regarding the achievement of its objectives.

Internal controls can be implemented at a day-to-day operational level through management and compliance functions. Additionally, the organization can establish and maintain an internal audit function that is also responsible for the processes for sustainability-related risk management and for managing sustainability reporting.

In some jurisdictions, corporate governance codes require directors to inquire and, if satisfied, to confirm the adequacy of an organization’s internal controls in the annual report. The confirmation in the annual report might only relate to internal controls that are necessary for financial reporting, and not necessarily to the controls required to address the credibility of the organization’s sustainability reporting.

External assurance

In addition to internal controls, the organization should seek external assurance for its sustainability reporting, even though this is not required in order to prepare information in accordance with the GRI Standards or with reference to the GRI Standards. Disclosure REP-5 in GRI 102: About the Organization requires the organization to report information on its policy and practice with regard to seeking external assurance for its sustainability reporting.

External assurance refers to activities that assess the quality and credibility of the qualitative and quantitative information reported by the organization and/or the systems or processes for reporting this information (e.g., the process for identifying material topics and related impacts). This is different from activities that assess or validate the quality or level of performance of an organization, such as issuing performance certifications or compliance assessments.
External assurance results in published reports, conclusions, or opinions that can be used for various purposes, such as to validate that the information has been prepared in accordance with reporting standards, to increase trust in the reported information and reduce risk in data quality, and to enable information users as well as the organization to use the reported information in their decision-making.

External assurance should be conducted by competent assurance providers with appropriate experience and qualifications.

In general, an assurance provider meets the following criteria:

- Independence from the organization to be able to reach and publish objective and impartial conclusions about the organization’s reporting in a written report that is publicly available.
- Demonstrable competence in the subject matter and assurance practices.
- Competence in applying quality control procedures to the assurance engagement.
- Ability to conduct the engagement in a manner that is systematic, documented, evidence-based, and characterized by defined procedures in line with professional standards for assurance.
- Ability to assess whether the organization’s reporting provides a reasonable and balanced presentation of impacts, by considering the accuracy of information reported as well as the overall selection of content.
- Ability to assess the extent to which the organization has applied the GRI Standards in the course of reaching its conclusions or opinions.

**Stakeholder or expert panels**

The organization can also convene a stakeholder or expert panel to seek an external review of its overall approach to sustainability reporting or to seek advice on the content of its reported information.
## GRI content index for reporting in accordance with the GRI Standards

### Statement of use

[Title of the highest governance body or most senior executive of the organization] acknowledges responsibility for the following statement of use:

The information reported by [name of organization] for the [reporting period] has been prepared in accordance with the GRI Standards.

### GRI Sector Standard(s)

[Title of the Sector Standard(s) used to identify the material topics]

<table>
<thead>
<tr>
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<th>Location of reported information</th>
<th>Omission</th>
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<td>(Disclosure code)</td>
<td>(including page numbers, URLs)</td>
<td>Requirement omitted</td>
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### Disclosures about the organization

#### GRI 102: About the Organization

**Organizational details and reporting practices**

- REP-1
- REP-2
- REP-3
- REP-4
- REP-5

**Organizational activities**

- ACT-1
- ACT-2

**Governance**

- GOV-1
- GOV-2
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### Material topics (list all material topics identified in MT-2-a)

#### Disclosures about identification of material topics

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<td>MT-2-a</td>
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#### [Material topic name]

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<td>MT-3</td>
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</tbody>
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#### [Topic Standard / other source] [Disclosure code]

<table>
<thead>
<tr>
<th>GRI 103: Material Topics</th>
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</tr>
</thead>
<tbody>
<tr>
<td>GRI 103: Material Topics</td>
<td>MT-3</td>
</tr>
</tbody>
</table>

#### [Topic Standard / other source] [Disclosure code]

Reasons for omission are not permitted for the requirements in GRI 102: About the Organization and GRI 103: Material Topics
Guidance

An organization reporting in accordance with the GRI Standards is required to include the following elements in the GRI content index:

- The statement of use
- The Sector Standard(s) it has used to identify its material topics
- The GRI Universal Standards and Topic Standards it has used
- The disclosures it has reported
- The location where the information for the disclosures can be found
- The reasons for omission it has used
- The title ‘GRI content index’

The organization is also required to present the complete GRI content index in one location that is publicly and easily accessible.

The organization can use another format for the GRI content index than the one provided as long as it includes the required elements specified in this Appendix.

Statement of use

The organization is required to include the statement of use for reporting in accordance with the GRI Standards in the GRI content index. See Requirement A-7 in Section 3.1 of this Standard for more information.

Sector Standard(s) used, including the title and publication year

The organization is required to list the GRI Sector Standard(s) it has used, where these are available, to identify its material topics. The organization is required to include the title and publication year for each Sector Standard used.

GRI Universal Standards and Topic Standards used, including their number, title, and publication year

The organization is required to list the Universal Standards and Topic Standards it has used. These include:

- GRI 102: About the Organization;
- GRI 103: Material Topics; and
- The GRI Topic Standards it has used for each material topic. The Topic Standards used are organized by each material topic reported under Disclosure MT-2-a in GRI 103: Material Topics.

The organization is required to include the number, title, and publication year for each Standard used (e.g., GRI 305: Emissions 2016).

The publication year indicates which version of a GRI Standard the organization has used. The GRI Standards are regularly updated, and a newer version of a GRI Standard might have different disclosures than its previous version.

The publication year does not refer to the reporting period covered by the reported information or to the year that the reported information is published.
Disclosures

The organization is required to list all the disclosures it has reported in the GRI content index.

For each material topic, the organization is required to list the appropriate disclosures reported. This includes appropriate disclosures from the GRI Topic Standards and disclosures from other sources.

The organization is required to report the disclosure code. The disclosure code refers to the unique identifier for each disclosure in the GRI Standards (e.g., ACT-1). Additionally, the organization should include the title of each disclosure (e.g., ACT-1 Activities, value chain, and other business relationships).

For disclosures from other sources, if there is no disclosure code or reference available, the organization can list the title of the disclosure or any other information that helps identify the disclosure.

Location of reported information

For each disclosure that it has reported, the organization is required to include the specific location (i.e., the specific page numbers and/or URLs) where the publicly available information can be found.

For example, the organization is required to specify whether the information is included in a standalone sustainability report, annual financial report, policy document, or on a website. If the information to be reported under a disclosure is spread across multiple pages or URLs, the organization is required to list all relevant pages and URLs across which the information is distributed.

If the organization is required to report information that it has previously reported, and the information has not changed during the reporting period (e.g., the organization is required to report information on a policy or process that has not changed since the previous reporting period), the organization can republish this information or provide a reference to the previously reported information.

Omissions

The organization is required to include the reasons for omission it has used in the GRI content index for all requirements it is unable to comply with. The organization is also required to specify the requirement that it has omitted and to provide the required explanation for the reason for omission it has used. See Requirement A-5-b in Section 3.1 of this Standard for more information.

Including references to additional information in the GRI content index

The organization can include in the GRI content index references to additional information beyond what is required by the GRI Standards. For example, the organization can show how the disclosures it has reported using the GRI Standards are related to those required by other reporting standards or frameworks. Such additions can be made as long as the references to additional information do not compromise the readability of the content index. The organization should add columns or rows that are additional to the ones specified in this Appendix at the end of the content index.

The organization should not report the information required by disclosures in the GRI Standards directly in the content index. This can compromise the purpose of the index as a navigation tool.
### Appendix 2. GRI content index for reporting with reference to the GRI Standards

**GRI content index**

<table>
<thead>
<tr>
<th>GRI Standard (Number, title, and publication year)</th>
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<th>Location of reported information (including page numbers, URLs)</th>
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<tr>
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<td>[Disclosure code]</td>
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<tr>
<td>[GRI Standard]</td>
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**Guidance**

An organization reporting with reference to the GRI Standards is required to include the following elements in the GRI content index:

- The statement of use
- The GRI Standards it has used
- The disclosures it has reported
- The location where the information for the disclosures can be found
- The title ‘GRI content index’

The organization is also required to present the complete GRI content index in one location that is publicly and easily accessible.

The organization can use another format for the GRI content index than the one provided as long as it includes the required elements specified in this Appendix. It can also use the GRI content index specified for reporting in accordance with the GRI Standards in Appendix 1, if suitable.

**Statement of use**

The organization is required to include the statement of use for reporting with reference to the GRI Standards in the GRI content index. See Requirement B-2 in Section 3.2 of this Standard for more information.
GRI Standards used, including their number, title, and publication year

The organization is required to list all the GRI Standards it has used in the GRI content index along with their number, title, and publication year (e.g., GRI 305: Emissions 2016). This requirement applies to GRI 102: About the Organization, GRI 103: Material Topics, and the Topic Standards.

The publication year indicates which version of a GRI Standard the organization has used. The GRI Standards are regularly updated, and a newer version of a GRI Standard might have different disclosures than its previous version.

The publication year does not refer to the reporting period covered by the reported information or to the year that the reported information is published.

The organization can list the GRI Standards it has used for each topic on which it has reported information.

Disclosures

The organization is required to list all the disclosures it has reported in the GRI content index. This includes disclosures from the GRI Standards and disclosures from other sources.

The organization can list the disclosures it has reported per topic.

The organization is required to report the disclosure code. The disclosure code refers to the unique identifier for each disclosure in the GRI Standards (e.g., 305-I). Additionally, the organization should include the title of each disclosure (e.g., 305-I Direct (Scope 1) GHG emissions).

For disclosures from other sources, if there is no disclosure code or reference available, the organization can list the title of the disclosure or any other information that helps identify the disclosure.

Location of reported information

For each disclosure that it has reported, the organization is required to include the specific location (i.e., the specific page numbers and/or URLs) where the publicly available information can be found.

For example, the organization is required to specify whether the information is included in a standalone sustainability report, annual financial report, policy document, or on a website. If the information to be reported under a disclosure is spread across multiple pages or URLs, the organization is required to list all relevant pages and URLs across which the information is distributed.

If the organization is required to report information that it has previously reported, and the information has not changed during the reporting period (e.g., the organization is required to report information on a policy or process that has not changed since the previous reporting period), the organization can republish this information or provide a reference to the previously reported information.

Including references to additional information in the GRI content index

The organization can include in the GRI content index references to additional information beyond what is required by the GRI Standards. For example, the organization can show how the disclosures it has reported using the GRI Standards are related to those required by other reporting standards or frameworks. Such additions can be made as long as the references to additional information do not compromise the readability of the content index. The organization should add columns or rows that are additional to the ones specified in this Appendix at the end of the content index.

The organization should not report the information required by disclosures in the GRI Standards directly in the content index. This can compromise the purpose of the index as a navigation tool.
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Note 1: Defined terms are underlined in the text of the GRI Standards and hyperlinked to their definitions in the Glossary.

Note 2: The disclosure codes used in this Standard (e.g., REP-1, ACT-1, GOV-1, RBC-1, SE-1) are not the final disclosure codes. They are intended for the purpose of the public comment, to help users distinguish these disclosures from the existing disclosures in GRI 102: General Disclosures 2016 and GRI 103: Management Approach 2016.
1. Introduction

GRI 102: About the Organization contains disclosures for contextual information about the organization. These include disclosures that provide details about the organization and its reporting practices, activities, governance, responsible business conduct policies and practices, and stakeholder engagement. This contextual information helps information users better understand the nature of the organization and its impacts on the economy, environment, and people.

An organization reporting in accordance with the GRI Standards is required to report all disclosures in this Standard, as set out in Section 3.1 of GRI 101: Using the GRI Standards.

Disclosure REP-2 in this Standard requires the organization to identify the entities included in its sustainability reporting. These entities define the scope for reporting all other disclosures in this Standard.

1.1 Overview of this Standard

This Standard is structured as follows:

- Section 2 contains five disclosures, which provide an overview of the organization, its sustainability reporting practices, and the entities covered in its sustainability reporting.

- Section 3 contains two disclosures, which cover the organization’s activities, and its employees and other workers.

- Section 4 contains fifteen disclosures, which provide an overview of the organization’s governance structure, composition, roles, and remuneration.

- Section 5 contains seven disclosures, which provide an overview of the organization’s policies and practices for responsible business conduct.

- Section 6 contains two disclosures, which cover the organization’s stakeholder engagement practices, including how it engages in collective bargaining with employees.

1.2 GRI Standards

The GRI Standards help organizations increase their transparency and communicate their contribution to sustainable development. The GRI Standards are designed to be used by any organization – large or small, private or public, regardless of sector, location, and reporting experience. The Standards provide a consistent and credible way for organizations to report on their impacts, which in turn enhances the global comparability and quality of this information.

The Standards provide a flexible framework for reporting. Organizations can either report on all their material topics in accordance with the GRI Standards, or they can use selected GRI Standards, or parts of their content, to report information with reference to the GRI Standards.

Structure of the GRI Standards

The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and Topic Standards.
Universal Standards

The three Universal Standards apply to all organizations reporting in accordance with the GRI Standards.

GRI 101: Using the GRI Standards is the starting point for all organizations. It introduces the system of GRI Standards and explains how they are to be used.

GRI 102: About the Organization contains disclosures for contextual information about the organization.

GRI 103: Material Topics includes guidance for identifying material topics, and contains disclosures about the organization’s material topics and how it identifies and manages them.

Sector Standards

The Sector Standards provide information on the most likely material topics for organizations in a given sector. The organization uses the applicable Sector Standard(s) to assist in identifying its material topics and what to report for each material topic.

Topic Standards

The Topic Standards include disclosures that provide information on particular topics. The organization selects and uses the Topic Standards that correspond to the material topics it has identified.
1.3 Requirements, guidance, and defined terms

The following apply throughout the GRI Standards:

Requirements are presented in bold font and indicated with the word 'shall'.

As set out in Section 3.1 of GRI 101: Using the GRI Standards, information required by the disclosures in GRI 102 cannot be omitted. All information required by the disclosures in GRI 102 is considered critical for information users to understand the organization and its context.

If the organization is unable to report the required information about an item specified in a disclosure because the item, e.g., a committee, policy, practice, or other process, does not exist, it can meet the requirement by reporting this to be the case. In such cases, the disclosure does not require the organization to implement the item, such as the process, but to report if it does not exist.

For example, Disclosure GOV-4 requires the organization to describe its processes for consultation between stakeholders and the highest governance body on sustainable development topics. If the organization does not have such a process in place, then it is required to state this. This ensures transparency for information users and enables the organization to meet the requirement.

If the organization is required to report information that it has previously reported, and the information has not changed during the reporting period (e.g., the organization is required to report information on a policy or process that has not changed since the previous reporting period), the organization can republish this information or provide a reference to the previously reported information.
Guidance sections include background information, explanations, and examples to help organizations better understand the requirements. The guidance sections also include 'should' statements, which indicate recommendations, and 'can' statements, which indicate a possibility or an option. The organization is not required to comply with guidance. Defined terms are underlined in the text of the GRI Standards and hyperlinked to their definitions in the Glossary. The organization is required to apply the definitions in the Glossary.
2. Organizational details and reporting practices

The disclosures in this section provide an overview of the organization, its sustainability reporting practices, and the entities for which it provides sustainability information.

Disclosure REP-1 Organizational details

Requirements

The organization shall:

a. report its legal name;

b. report its nature of ownership and legal form;

c. report its location of headquarters;

d. report the countries where it has significant operations.

Guidance

Guidance to REP-1-a

If the organization uses a commonly known trading name or business name that is different from its legal name, it should report this in addition to its legal name.

Guidance to REP-1-b

The nature of ownership and the legal form of the organization refers to whether it is publicly or privately owned, and whether it is an incorporated entity, a partnership, a sole proprietorship, or another type of entity such as a nonprofit, an association, or charitable organization.

Guidance to REP-1-c

Headquarters are an organization’s global administrative center, from which it is controlled or directed.

Guidance to REP-1-d

The organization can also report specific locations within countries where it has significant operations, e.g., regions, states, or cities, where this provides contextual information to understand the organization’s impacts included in its sustainability reporting.
Disclosure REP-2 Organization’s entities included in its sustainability reporting

Requirements

The organization shall:

1. list its entities that are included in its sustainability reporting;
2. if the organization has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting;
3. if the organization consists of multiple entities that form a consolidated group, explain the approach used for consolidating the information, including:
   i. whether the approach involves adjustments to information for minority interests in the case of entities that are not wholly owned;
   ii. how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities;
   iii. whether and, if so, how the approach differs across material topics.

Guidance

Guidance to REP-2-a

The entities reported under REP-2-a form the basis for reporting the remaining disclosures in this Standard and for identifying the organization’s material topics and related impacts. The organization should align the entities included in its sustainability reporting with the entities included in its other statutory and regulatory reporting, in particular, its financial reporting. See Section 5.1 of GRI 101: Using the GRI Standards for more information.

When identifying its material topics and related impacts, the organization should consider the impacts of additional entities with which it has business relationships, that are not included in the list reported under REP-2-a. See Section 2 of GRI 103: Material Topics for more information.

Guidance to REP-2-b

If all the entities in the organization’s financial reporting are also included in its sustainability reporting, the organization can provide a reference or link to the list of these entities included in its audited consolidated financial statements or financial information filed on public record. Any additional entities included in the sustainability reporting can then be separately identified.

Guidance to REP-2-c

A consolidated group is a group of entities consisting of a parent entity and its subordinate entities, such as subsidiaries, joint ventures, and affiliates.

A minority interest is the ownership or interest of a subordinate entity, by a party other than the parent entity, in the consolidated group.
Disclosure REP-3 Reporting period and frequency

Requirements

The organization shall:

a. specify the reporting period for its sustainability reporting;

b. if the organization has audited consolidated financial statements or financial information filed on public record, specify the reporting period for its financial reporting and provide an explanation if it does not align with the period for its sustainability reporting;

c. report the frequency of its sustainability reporting.

Guidance

Guidance to REP-3-a and REP-3-b

The reporting period refers to the time period covered by the reported information, e.g., the year ending 31 December 2021. The organization should align the reporting period for its sustainability reporting with the reporting period for its other statutory and regulatory reporting, in particular, its financial reporting. See Section 5.1 of GRI 101: Using the GRI Standards.

Guidance to REP-3-c

The frequency of reporting refers to how often the organization carries out reporting, e.g., annually.

Disclosure REP-4 Restatements of information

Requirements

The organization shall:

a. explain any restatements of information from previous reporting periods and their effect, and report the reasons for such restatements.

Guidance

Background

If the organization restates information reported during previous reporting periods and includes the restated information in its reporting for the current period, it is required to explain the revision or correction made under the restatement. Restatements of information from previous reporting periods can be provided to correct an error, or account for a change in measurement methodology or a change in the business context. Providing restatements of information enables consistency and comparability of information between reporting periods, and helps information users in interpreting the reported information. This disclosure provides transparency on the reasons for such restatements and their effects on the reported information.
Guidance to REP-4-a

Reasons for restatements of information can include:

- errors made in previous reporting periods;
- disposals, mergers, or acquisitions;
- change of base periods or reporting periods;
- change in the nature of the business;
- change in measurement methods.

The effect of the restatement refers to the actual revision or correction made to previously reported information. If the restatement relates to quantitative information, the organization should specify the quantitative change in the restated information.

For example, suppose an organization experiences a significant reduction in its reported GHG emissions due to the adoption of a new method for measuring emissions that is more accurate. The organization restates its previously reported information on GHG emissions in its reported information for the current period. In this case, the organization is required to explain that is has restated its previously reported GHG emission levels due to the new measurement methodology, and that this has resulted in lower GHG emissions than previously reported for these periods. The organization should also report the quantitative change observed (e.g., GHG emissions are 10% lower compared to the level of emissions previously reported).

Disclosure REP-5 External assurance

Requirements

The organization shall:

a. describe its policy and practice with regard to seeking external assurance, including whether and how the highest governance body and senior executives are involved;

b. if the organization’s sustainability reporting has been externally assured:

i. provide a reference to the external assurance report(s), conclusions, or opinions;

ii. describe what has and what has not been assured, the assurance standards used, the level of assurance obtained, and the limitations of the assurance process;

iii. describe the relationship between the organization and the assurance provider.

Guidance

Guidance to REP-5-b-ii

The description of what has and what has not been assured, the assurance standards used, the level of assurance obtained, and the limitations of the assurance process is sometimes included in the assurance report(s), conclusions, or opinions. If this is the case, the organization can provide a link to this information included in the external assurance report(s), conclusions, or opinions.
If this is not the case, the organization is required to report a summary, in accessible language, reflecting the key elements covered in the external assurance report, including:

- scope of information and processes covered;
- assurance and reporting standards used;
- responsibilities of the organization relative to the assurance provider;
- level of assurance obtained;
- limitations of the assurance process;
- opinion or conclusions formally signed off by the assurance provider;
- summary of the work performed; and
- information on the experience and qualifications of the assurance providers.

See Section 5.2 of GRI 101: Using the GRI Standards for more information on external assurance.
3. Organizational activities

The disclosures in this section provide an overview of the organization’s activities and its employees and other workers. This contextual information helps information users better understand the nature of the organization and its impacts on the economy, environment, and people.

Disclosure ACT-1 Activities, value chain, and other business relationships

Requirements

The organization shall:

a. report its sector;

b. describe its value chain, including:
   i. the organization’s main activities, products, services, and markets served;
   ii. entities upstream from the organization and their activities related to the organization’s products and services, i.e., its supply chain;
   iii. entities downstream from the organization and their activities related to the organization’s products and services;

c. report other relevant business relationships;

d. describe significant changes in ACT-1-a, ACT-1-b and ACT-1-c since the previous reporting period.

Guidance

Guidance to ACT-1-a

Sectors can be identified according to different groupings, such as the public or private sector, or industry-specific categories, such as the education sector, or the financial sector. If the organization is part of more than one sector, it can report those sectors that provide contextual information to understand its impacts on the economy, environment, and people.

Depending on the organization’s activities, sectors can be identified using various classification systems that define categories for economic activities. For example, the UN-based International Standard Industrial Classification of All Economic Activities, or investment-based classification systems, such as the Global Industry Classification Standard or the Industry Classification Benchmark.

The organization is required to use the GRI Sector Standard(s) that apply to its sector(s), where these are available for its sector(s).

Guidance to ACT-1-b

The organization’s value chain includes the organization’s own activities, as well as activities carried out by entities upstream and downstream from the organization in relation to the organization’s products and services. Entities upstream from the organization are those that supply products or services that contribute to the organization’s own products or services. Entities downstream from the organization receive products or services from the organization.

Entities in the value chain include entities beyond the first tier, both upstream and downstream.
The information required in ACT-1-b helps to understand the impacts that occur across the organization’s value chain, including through the use of its products and services. Describing the markets served provides further information on the groups of customers targeted by the organization’s products and services.

**Guidance to ACT-1-b-i**

The organization should describe if it sells products and services that are banned in certain markets or are the subject of stakeholder concerns or public debate, and how the organization has responded to these concerns.

When describing the markets served, the organization can:

- report the markets it serves using geographic, demographic, or behavioral characteristics;
- specify information on the size and relative importance of the markets served, for example, by reporting net sales or net revenues.

**Guidance to ACT-1-b-ii**

When describing the entities upstream from the organization and the activities they carry out in relation to the organization’s products and services (i.e., the supply chain), the organization can:

- specify the types of suppliers (e.g., contractor, wholesalers, brokers);
- report the estimated number of suppliers throughout its supply chain (i.e., in the first tier, second tier, etc.);
- report the types of activities of its suppliers (e.g., manufacturing of the organization’s products, provision of services);
- specify the nature of the business relationship it has with its suppliers (e.g., long-term or short-term contract, project- or event-based relationship);
- specify the sector-specific characteristics of its supply chain (e.g., labor-intensive);
- report the estimated monetary value of payments made to its suppliers;
- specify the geographic locations of its suppliers.

**Guidance to ACT-1-b-iii**

When describing the entities downstream from the organization and the activities they carry out in relation to the organization’s products and services, the organization can:

- specify the types of customers and beneficiaries (e.g., end consumers, other businesses, recipients of the products or services from a social enterprise or a nonprofit organization);
- report the estimated number of downstream entities (i.e., in the first tier, second tier, etc.);
- report the types of activities of these downstream entities (e.g., wholesaler, manufacturer, retailer);
- specify the nature of the business relationship it has with its downstream entities (e.g., long-term or short-term contract, project- or event-based relationship);
- specify the geographic locations of downstream entities.

**Guidance to ACT-1-c**

Other relevant business relationships include relationships with entities that are not described as part of the organization’s value chain under ACT-1-b. These can consist of business partners.
(e.g., joint ventures) and other entities directly linked to the organization’s operations, products, or services.

When describing other relevant business relationships, the organization can specify the types of entities, the activities they perform, and their geographic location.

**Guidance to ACT-1-d**

The description of significant changes to the organization’s sector, value chain, and other business relationships helps understand any variations in the reported information since the previous reporting period. Examples of significant changes include changes in activities, such as, facility openings, closings, and expansions; changes in the structure of the supply chain or in relationships with suppliers; and changes in the location of suppliers.

**Disclosure ACT-2 Employees and other workers**

**Requirements**

The organization shall:

- report the total number of employees, and provide a breakdown of this total by:
  - employment contract (permanent and temporary), by gender;
  - employment contract (permanent and temporary), by region;
  - employment type (full-time and part-time), by gender;
  - employment type (full-time and part-time), by region;

- provide contextual information to understand the data reported under ACT-2-a;

- report the total number of workers who are not employees and whose work is controlled by the organization, including:
  - the most common types of worker and their contractual relationship with the organization;
  - the work they perform;

- describe significant fluctuations in the number of employees and workers who are not employees during the reporting period and between reporting periods;

- describe the assumptions and methodologies used to compile the data, including whether the number of employees and workers who are not employees are reported:
  - in head count, full-time equivalent (FTE), or using another methodology;
  - at the end of the reporting period, as an average across the reporting period, or using another methodology.
Guidance

Background

This disclosure provides information about the number of employees and other workers who are not employees that perform work for the organization. To understand how many workers in total perform work for the organization, it is important to know the number of workers who are not employees as these are not represented in formal employment figures.

The disclosure gives insight into the organization’s approach to employment, as well as the scope and nature of impacts created by labor issues. It also provides contextual information to understand the information reported in other disclosures, such as the disclosure on the percentage of employees covered by collective bargaining agreements.

This disclosure covers all employees and all workers who are not employees who perform work for any of the organization’s entities included in its sustainability reporting (reported under Disclosure REP-2).

See references 6, 7, 8, 16, 22, 25, and 27 in the References section.

Guidance to ACT-2-a

An employee is an individual who is in an employment relationship with the organization, according to national law or its application.

To identify the employment contract and employment type of its employees, the organization should use the definitions under the national laws of the countries where the employees are based, as what constitutes an employment contract and employment type varies between countries. For example, the national legislations vary in their definitions of a full-time contract.

Providing data on employees by employment contract and employment type by gender enables an understanding of gender representation and diversity across an organization. The organization can report information for gender categories in addition to male and female.

Providing data on employees by employment contract and employment type by region enables an understanding of regional representation and variations across regions. Region can refer to a ‘country’ or ‘geographical area’.

If the organization is unable to report exact figures, it can report estimates of the number of employees to the nearest ten or, where the number of employees is greater than 1000, to the nearest 100.

See Tables 1-4 for examples on how to present this data.

Guidance to ACT-2-b

Quantitative data, such as the number of temporary and part-time employees is unlikely to provide sufficient information on its own. For example, a high number of temporary or part-time employees could indicate a lack of security for employees, but it could equally signal flexibility when offered as a voluntary choice. For this reason, quantitative data should be accompanied by contextual information to help information users understand the data and formulate an appropriate interpretation.

The organization can explain the reasons for temporary employment (e.g., to undertake work on temporary or seasonal projects or events, or because it is standard practice to offer a temporary contract to new employees). If differences in employment contracts exist between genders or between regions, the organization can explain the reasons for these differences.
Similarly, the organization can explain the reasons for part-time employment (e.g., to accommodate employees' requests to work reduced hours, or because it is unable to provide full-time employment to all employees). The organization can also explain how full-time employment is defined and whether the same definition applies globally. If differences in employment types exist between genders or between regions, the organization can explain the reasons for these differences.

**Guidance to ACT-2-c**

Workers who are not employees are those who perform work for the organization but are not in an employment relationship with the organization (e.g., agency workers, contractors, self-employed persons, volunteers). ACT-2-c provides an understanding of how much the organization relies on workers who are not employees to perform its work compared to employees.

Control of work implies that the organization directs the work performed or has control over the means or methods for performing the work. The organization might have sole control of the work or share control with one or more organizations (e.g., suppliers, customers, or other business partners, such as in joint ventures).

If the organization is unable to report exact figures, it can report estimates of the number of workers who are not employees to the nearest ten or, where the number of workers who are not employees is greater than 1000, to the nearest 100.

If all the workers performing work for the organization are employees and the organization does not engage any workers who are not employees, a brief statement of this fact is sufficient to meet the requirement.

**Guidance to ACT-2-c-i and ACT-2-c-ii**

ACT-2-c-i requires the organization to report the most common types of worker who are not employees. The organization can use the following categories to report the types of worker: agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers. The organization is also required to report its contractual relationship with the most common types of worker, i.e., whether it engages them directly or indirectly through a third party, and in the latter case, who this third party is (e.g., employment agency, sub-contractor). ACT-2-c-ii requires the organization to describe the work performed by the most common types of worker.

It is sufficient to provide a general description; the organization is not required to report the type of worker, contractual relationship, and work performed for every worker that is not an employee.

**Guidance to ACT-2-d**

The organization is required to describe all fluctuations in the number of employees and workers who are not employees that it deems significant. The description can include how the numbers vary (e.g., whether the numbers have increased or decreased during the reporting period or in comparison to the previous reporting period), and the reasons for the fluctuations (e.g., an increase in workers who are not employees due to a seasonal event taking place, or a decrease in the number of employees in comparison to the previous reporting period due to the completion of a temporary project).

If there are no significant fluctuations in the number of employees and workers who are not employees during the reporting period or between reporting periods, a brief statement of this fact is sufficient to meet the requirement.
The organization should report the number of employees by employment type (full-time and part-time) in head count. The head count gives insight into the number of individual workers performing work for the organization, whether on a full-time or part-time basis.

The organization can report the number of employees by employment contract (permanent and temporary) in head count or full-time equivalent (FTE). Reporting these numbers in FTE gives insight into the hours worked.

The organization can also use another methodology for reporting these numbers if that is appropriate.

Reporting the number of employees and workers who are not employees at the end of the reporting period provides information for that point in time, without capturing any fluctuations during the reporting period. Reporting these numbers in averages across the reporting period takes into account fluctuations during the reporting period.
### Table 1 Example template for presenting information for ACT-2-a-i

<table>
<thead>
<tr>
<th>Total number of employees by employment contract, by gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male Year</td>
</tr>
<tr>
<td>Permanent [Number]</td>
</tr>
<tr>
<td>Temporary [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Permanent [Number]</td>
</tr>
<tr>
<td>Temporary [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td><strong>Other gender category</strong> (to be determined by the organization as needed)</td>
</tr>
<tr>
<td>Permanent [Number]</td>
</tr>
<tr>
<td>Temporary [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td><strong>Grand total</strong> [Number]</td>
</tr>
</tbody>
</table>

### Table 3 Example template for presenting information for ACT-2-a-iii

<table>
<thead>
<tr>
<th>Total number of employees by employment type, by gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male Year</td>
</tr>
<tr>
<td>Full-time [Number]</td>
</tr>
<tr>
<td>Part-time [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Full-time [Number]</td>
</tr>
<tr>
<td>Part-time [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td><strong>Other gender category</strong> (to be determined by the organization as needed)</td>
</tr>
<tr>
<td>Full-time [Number]</td>
</tr>
<tr>
<td>Part-time [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td><strong>Grand total</strong> [Number]</td>
</tr>
</tbody>
</table>

### Table 2 Example template for presenting information for ACT-2-a-ii

<table>
<thead>
<tr>
<th>Total number of employees by employment contract, by region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A Year</td>
</tr>
<tr>
<td>Permanent [Number]</td>
</tr>
<tr>
<td>Temporary [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td>Region B</td>
</tr>
<tr>
<td>Permanent [Number]</td>
</tr>
<tr>
<td>Temporary [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td><strong>Grand total</strong> [Number]</td>
</tr>
</tbody>
</table>

### Table 4 Example template for presenting information for ACT-2-a-iv

<table>
<thead>
<tr>
<th>Total number of employees by employment type, by region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A Year</td>
</tr>
<tr>
<td>Full-time [Number]</td>
</tr>
<tr>
<td>Part-time [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td>Region B</td>
</tr>
<tr>
<td>Full-time [Number]</td>
</tr>
<tr>
<td>Part-time [Number]</td>
</tr>
<tr>
<td><strong>Total</strong> [Number]</td>
</tr>
<tr>
<td><strong>Grand total</strong> [Number]</td>
</tr>
</tbody>
</table>
4. Governance

Transparency on the governance structure, composition, roles, and remuneration is important to ensure the accountability of the relevant bodies and individuals with respect to the organization’s contribution to sustainable development.

In the disclosures in this section the term ‘sustainable development topics’ refers to topics that reflect the organization’s impacts on the economy, environment, and people, including impacts on human rights.

Disclosure GOV-1 Governance structure and composition

Requirements

The organization shall:

a. describe its governance structure, including committees of the highest governance body;

b. report the committees of the highest governance body responsible for decision-making on and overseeing the management of sustainable development topics;

c. describe the composition of the highest governance body and its committees by:

i. executive and non-executive members;

ii. independence;

iii. tenure of members on the governance body;

iv. number of each member’s other significant positions and commitments, and the nature of the commitments;

v. gender;

vi. membership of under-represented social groups;

vii. competencies relating to sustainable development topics that are relevant to the organization and the sector in which it operates;

viii. stakeholder representation.

Disclosure GOV-2 Nomination and selection of the highest governance body

Requirements

The organization shall:

a. describe the nomination and selection processes for the highest governance body and its committees;
b. describe the criteria used for nominating and selecting highest governance body members, including whether and how:
   i. stakeholders (including shareholders) are involved;
   ii. diversity is considered;
   iii. independence is considered;
   iv. expertise and experience relating to sustainable development topics are considered.

Disclosure GOV-3 Responsibilities for sustainable development topics and delegation

Requirements

The organization shall:

a. describe the role and responsibilities of the highest governance body with regard to decision-making for sustainable development topics;

b. report whether the organization has appointed any senior executives with responsibility for sustainable development topics;

c. describe how management of sustainable development topics is delegated from the highest governance body to senior executives and other employees;

d. describe the internal resources that the organization has for managing sustainable development topics;

e. describe the process and specify the frequency for reporting to the highest governance body on sustainable development topics.

Disclosure GOV-4 Stakeholder consultation on sustainable development topics

Requirements

The organization shall:

a. describe the processes for consultation between stakeholders and the highest governance body on sustainable development topics;

b. if responsibility for stakeholder consultation is delegated, report to whom it is delegated, and how the feedback received is provided to the highest governance body.
Disclosure GOV-5 Chair of the highest governance body

Requirements

The organization shall:

a. report whether the chair of the highest governance body is also a senior executive in the organization;

b. if the chair is also a senior executive, explain their function within the organization's management, the reasons for this arrangement, and how any conflicts of interest are managed.

Disclosure GOV-6 Conflicts of interest

Requirements

The organization shall:

a. describe the processes for the highest governance body to ensure that conflicts of interest are avoided and managed;

b. report whether conflicts of interest are disclosed to stakeholders, including, as a minimum, the following conflicts of interest:

i. Cross-board membership;

ii. Cross-shareholding with suppliers and other stakeholders;

iii. Existence of controlling shareholder;

iv. Related parties, their relationships, transactions, and outstanding balances.

Guidance

Background

See reference 13 in the References section.

Guidance to GOV-6-b-iii

The organization should use the definition of controlling shareholder applied in the organization's consolidated financial statements or equivalent documents.
Disclosure GOV-7 Role of the highest governance body in setting purpose, values, and strategy

Requirements

The organization shall:

a. describe the role of the highest governance body and of senior executives in the development, approval, and updating of the organization’s purpose, value or mission statements, strategies, policies, and goals related to sustainable development topics.

Disclosure GOV-8 Collective knowledge of the highest governance body

Requirements

The organization shall:

a. report measures taken to develop the collective knowledge, skills, and experience of the highest governance body on sustainable development topics.

Disclosure GOV-9 Evaluation of the performance of the highest governance body

Requirements

The organization shall:

a. describe processes for evaluating the performance of the highest governance body with respect to governance of sustainable development topics;

b. report whether the evaluation is independent or not, and the frequency of the evaluation;

c. describe actions taken in response to the evaluation, including, as a minimum, changes in membership and organizational practices.
Disclosure GOV-10 Identification and management of impacts

Requirements

The organization shall:

a. describe the role of the highest governance body in overseeing the organization's processes to identify and manage sustainable development topics and their related impacts, including:
   i. the role of the highest governance body in due diligence processes;
   ii. the role of any committees of the highest governance body with specific responsibilities for these processes;
   iii. how the highest governance body considers and reviews the outcomes of these processes;

b. report whether stakeholder consultation is used to support the role of the highest governance body as described in GOV-10-a;

c. specify the frequency of reporting to the highest governance body on the organization's processes as described in GOV-10-a;

d. describe the role of the highest governance body in reviewing the effectiveness of the organization's processes as described in GOV-10-a, and specify the frequency of this review.

Guidance

Background

See references 13, 15, 17, and 18 in the References section.

Disclosure GOV-11 Role of the highest governance body in sustainability reporting

Requirements

The organization shall:

a. report the committee of the highest governance body or senior executive position that formally reviews and approves the organization's sustainability reporting and ensures that the organization reports all identified material topics.

Guidance

Guidance to GOV-11

The organization is also required to include in its sustainability reporting a statement by the highest governance body or most senior executive position acknowledging their responsibility that the reported information has been prepared in accordance with the GRI Standards or with reference to...
the GRI Standards, depending on the case. See Sections 3.1 and 3.2 of GRI 101: Using the GRI Standards.

Disclosure GOV-12 Communication of critical concerns

**Requirements**

**The organization shall:**

1. describe the processes for communicating critical concerns with regard to sustainable development topics to the highest governance body;
2. report the total number and nature of critical concerns that were communicated to the highest governance body during the reporting period;
3. describe the mechanisms used to address and resolve critical concerns.

Disclosure GOV-13 Remuneration policies

**Requirements**

**The organization shall:**

1. describe the remuneration policies for highest governance body members and senior executives, including:
   1. fixed pay and variable pay, such as performance-based pay, equity-based pay, bonuses, and deferred and vested shares;
   2. sign-on bonuses or recruitment incentive payments;
   3. termination payments;
   4. clawbacks;
   5. retirement benefits, such as the difference between benefit schemes and contribution rates for the highest governance body members, senior executives, and all other employees;
2. describe how performance criteria in the remuneration policies for highest governance body members and senior executives relate to their objectives for sustainable development topics.

**Guidance**

**Background**

Remuneration policies are established to ensure that the remuneration arrangements support the organization’s strategy and its contribution to sustainable development, align with the interests of stakeholders, and enable the recruitment, motivation, and retention of highest governance body members, senior executives, and employees.
Guidance to GOV-13

If the organization uses performance-related pay, it should describe how remuneration for senior executives is designed to reward long-term performance.

If the organization uses termination payments, it should explain whether:

- notice periods for highest governance body members and senior executives are different from those for other employees;
- termination payments for highest governance body members and senior executives are different from those for other employees;
- any payments other than those related to the notice period are paid to departing highest governance body members and senior executives;
- any mitigation clauses are included in the termination arrangements.

Disclosure GOV-14 Process for determining remuneration

Requirements

The organization shall:

a. describe its process for determining remuneration, including its remuneration policies;

b. report whether independent members of the highest governance body or an independent remuneration committee oversee the remuneration process;

c. describe how the views of stakeholders (including shareholders) regarding remuneration are sought and taken into account;

d. report the results of votes on remuneration policies and proposals, if applicable;

e. report whether remuneration consultants are involved in determining remuneration and, if so, report any relationships that the remuneration consultants have with the organization, its highest governance body, or senior executives.

Disclosure GOV-15 Annual total compensation ratio

Requirements

The organization shall:

a. report the ratio of the annual total compensation for the organization’s highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country;

b. report the ratio of the percentage increase in annual total compensation for the organization’s highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.
Guidance

Guidance to GOV-15

When calculating the ratios, the organization should:

- for each country of significant operations:
  - list types of compensation included;
  - specify whether full-time and part-time employees are included;
  - specify whether full-time equivalent pay rates are used for each part-time employee;

- depending on the organization’s remuneration policies and availability of data, consider all of the following components:

  1. the base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation;
  2. total cash compensation, which is the sum of (i) the base salary, together with cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments;
  3. direct compensation, which is the sum of (ii) total cash compensation, together with total fair value of all annual long-term incentives, such as stock option awards, restricted stock shares or units, performance stock shares or units, phantom stock shares, stock appreciation rights, and long-term cash awards.
5. Responsible business conduct

The disclosures in this section provide an overview of the organization’s policies and practices for responsible business conduct. The disclosures are based on expectations for businesses contained in internationally recognized instruments, which include the International Labour Organization (ILO), Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; the Organisation for Economic Co-operation and Development (OECD), OECD Guidelines for Multinational Enterprises and OECD Due Diligence Guidance for Responsible Business Conduct; and the United Nations (UN), Guiding Principles on Business and Human Rights. These instruments in turn are based on international legal instruments, such as the UN’s International Bill of Human Rights and the ILO conventions.

Expectations for responsible business conduct include complying with laws and regulations; respecting all internationally recognized human rights, including the rights of workers; protecting the environment, public health and safety; combating bribery, bribe solicitation, extortion, and other forms of corruption; adhering to good tax practices; as well as conducting due diligence in order to identify, prevent, mitigate, and account for how an organization addresses its negative impacts on the economy, environment, and people.

Disclosure RBC-1 Statement on sustainable development strategy

Requirements

The organization shall:

a. provide a statement from the highest governance body or most senior executive of the organization about the relevance of sustainable development to the organization and its strategy for contributing to sustainable development.

Guidance

Guidance to RBC-1

The statement should include:

- the vision and strategy for the short-term, medium-term, and long-term, with respect to managing the organization’s impacts on the economy, environment, and people, including impacts on human rights, across its activities and business relationships;
- short-term and medium-term strategic priorities for contributing to sustainable development, including observance of internationally recognized standards and agreements;
- broader trends (e.g., macroeconomic or political) affecting the organization’s strategy for contributing to sustainable development;
- changes in the business model to address impacts to sustainable development;
- key events, achievements, and failures with respect to the organization’s contributions to sustainable development during the reporting period;
- overview of performance against goals and targets for the organization’s material topics for contributing to sustainable development during the reporting period;
- the organization’s main challenges and goals and targets for the next year and for the coming three to five years with respect to its contribution to sustainable development.
When determining whether the highest governance body or most senior executive provides the required statement, the organization should consider its legal and operating context. For some organizations this will be influenced by applicable legislation or regulation, which can be related to:

- the country where the organization is incorporated or registered;
- a stock exchange the organization trades its securities on;
- the nature and type of the organization (e.g., charity, incorporated company, mutual organization).

Disclosure RBC-2 Policy commitments

Requirements

The organization shall:

a. describe its policy commitments for responsible business conduct, including:
   i. the internationally recognized instruments that the commitments reference;
   ii. whether the commitments stipulate conducting due diligence;
   iii. whether the commitments stipulate applying the precautionary principle;
   iv. whether the commitments stipulate respecting human rights;

b. describe its specific policy commitment to respect human rights, including:
   i. the internationally recognized human rights that the commitment covers;
   ii. the categories of stakeholders, including at-risk or vulnerable groups, that the organization gives particular attention to in the commitment;

c. provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this;

d. report the level at which each of the policy commitments was approved within the organization, including whether this is the most senior level, and the date of approval;

e. report whether the policy commitments apply solely to the organization's own activities or whether they also stipulate the organization's expectations of those with which it has business relationships and, if so, describe what those expectations are;

f. describe how the policy commitments are communicated to workers, business partners, and other relevant parties;

g. if the organization does not have any of the policy commitments in RBC-2-a, explain the reason for not having them or describe any plans to develop them.

Guidance

Background

This disclosure covers the organization’s policy commitments for responsible business conduct, including the commitment to respect human rights. These commitments can be set out in a
standalone policy document or they can be included within one or more other policy documents, such as codes of conduct.

The OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct, and the UN Guiding Principles on Business and Human Rights set out expectations for organizations in relation to these commitments.

**Guidance to RBC-2-a**

The organization should report the expectations, values, principles, and norms of behavior set out in the policy commitments.

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

**Guidance to RBC-2-a-i**

The introduction to this section (i.e., Section 5 of this Standard) provides examples of internationally recognized instruments for responsible business conduct.

The organization can also make a reference to other standards or initiatives that it participates in.

**Guidance to RBC-2-a-iii**

The precautionary principle is set out in Principle 15 of the UN Rio Declaration on Environment and Development. It states: ‘Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.’

While the precautionary principle is most often associated with the protection of the environment, it can be applied to other areas, such as health and safety. The organization can describe the areas where it applies the precautionary principle.

**Guidance to RBC-2-b-i**

If the policy commitment covers all internationally recognized human rights, a brief statement of this fact is sufficient to meet the requirement. The organization can also state if the policy commitment references certain rights that require particular attention. For example, it can state that its policy commitment covers all internationally recognized human rights and also references the rights to privacy and freedom of expression in particular because the organization has identified that its activities have an impact on these rights.

If the policy commitment only covers some internationally recognized human rights, the organization is required to state the rights that are covered. In addition, it can explain why the policy commitment is limited to these rights.

**Guidance to RBC-2-b-ii**

Categories of stakeholders that the organization gives particular attention to can include consumers, customers, employees, local communities, and workers, among others. They can also include individuals belonging to groups or populations that are considered to be vulnerable or at risk, such as women; persons who might be discriminated against based on their sexual orientation, gender identity, gender expression, or sex characteristics (e.g., lesbian, gay, bisexual, transgender, intersex); indigenous peoples; national or ethnic, religious and linguistic minorities; children; persons with disabilities; migrant workers and their families; and/or human rights defenders.
For example, a bank might give particular attention in its policy commitment to avoid discriminating against specific categories of customers, or a mining company might give particular attention to avoid infringing on the rights of indigenous peoples.

**Guidance to RBC-2-d**

The most senior level can differ between organizations. For example, the most senior level in an organization can be the highest governance body (e.g., the board), or it can be the most senior executive (e.g., Chief Executive Officer).

The organization can also report the dates of adoption of the policy commitments (if different from the date of their approval), and how frequently they are reviewed.

**Guidance to RBC-2-e**

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

If the policy commitments apply to only some of the organization’s own activities (e.g., they apply only to entities located in certain countries, or to certain subsidiaries), the organization can report which of its activities the commitments apply to and explain why the commitments are limited to these activities.

If the policy commitments stipulate expectations for only some of the organization’s business relationships, the organization can specify the types of business relationships (e.g., distributors, franchisees, joint ventures, suppliers), and explain why the expectations are limited to these business relationships.

When describing the organization’s expectations of those with which it has business relationships, the organization can explain whether they are obligated to abide by the policy commitments or are encouraged (but not obligated) to do so.

**Guidance to RBC-2-f**

The organization can report:

- whether the policy commitments need to be read, agreed to, and signed regularly by all workers, business partners, and other relevant parties, such as governance body members;
- the means through which it communicates the policy commitments (e.g., newsletters, formal or informal meetings, dedicated websites, contractual agreements);
- how it identifies and removes potential barriers to the communication or dissemination of the policy commitments (e.g., by making them accessible and available in relevant languages).

**Disclosure RBC-3 Embedding the policy commitments throughout the organization**

**Requirements**

**The organization shall:**

a. describe how the organization embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:
i. how the organization allocates responsibility for implementing the commitments across different levels within the organization;

ii. how the organization integrates the commitments into organizational strategies and operational policies and procedures;

iii. how the organization works with those with which it has business relationships, to implement the commitments;

iv. training that the organization provides on implementing the commitments.

Guidance

Background

This disclosure gives insight into how the organization embeds its policy commitments for responsible business conduct, including the commitment to respect human rights, throughout its activities and business relationships in order to ensure that people at all levels act responsibly and with awareness of and respect for human rights.

Guidance to RBC-3-a-i

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

The organization can report:

- the most senior level with oversight of, or accountability for, the implementation of the commitments;
- the functions in the organization with day-to-day responsibility for implementing each of the commitments (e.g., human resources with the responsibility for implementing the commitment to respect the rights of workers), their reporting lines to senior decision-making levels, and the reason for allocating the responsibility to them;
- whether responsible business conduct is formally discussed at meetings of the highest governance body or senior executives and, if so, which topics are discussed;
- whether there are other formal or systematic means for discussions about responsible business conduct between different levels or functions in the organization (e.g., a cross-functional working group).

Guidance to RBC-3-a-ii

The organization can describe:

- how it aligns the commitments 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;
- how it applies the commitments when making decisions, such as about its sourcing and operating locations;
- the systems it uses for monitoring compliance with the commitments across its activities and business relationships.
The organization can describe:

- its procurement or investment policies and practices, and its engagement with those with which it has business relationships, including:
  - whether and how it applies pre-qualification processes, bidding criteria, or screening criteria consistent with the expectations stipulated in the commitments;
  - whether and how it considers the commitments in contracting or investment agreements, or in specific policies or codes of conduct for suppliers;
  - whether and how it considers the commitments in the process of determining whether to initiate, continue, or terminate a business relationship;
- processes through which it enables or supports business partners and other parties to implement the commitments (e.g., capacity building, peer sharing);
- incentives that it offers to business partners and other parties to implement the commitments (e.g., price premiums, increased orders, or long-term contracts).

The organization can report:

- the content of the training;
- 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 the organization has determined that the training is effective.

The organization can report whether the training covers how to implement the commitments in general or in specific situations (e.g., ensuring the commitment toward privacy when handling customers’ personal data, or ensuring the commitments are considered in procurement practices).

The organization can specify if training is provided to those with day-to-day responsibility for and those with oversight of, or accountability for, the implementation of the commitments, as well as to those with which the organization has business relationships (e.g., distributors, franchisees, joint ventures, suppliers). The organization can also report the number or percentage of individuals, business partners, and other parties that have been trained during the reporting period.

Disclosure RBC-4 Grievance mechanisms and other remediation processes

Requirements

The organization shall:

a. describe its commitments to provide for or cooperate in the remediation of negative impacts that it identifies to have caused or contributed to;

b. describe its approach to identify and address grievances, including:
   i. the grievance mechanisms that the organization has established or participates in;
other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies to have caused or contributed to;

c. describe how the stakeholders who are the intended users of the grievance mechanisms and other remediation processes are involved in the design, review, operation, and improvement of these mechanisms and processes;

d. describe how the organization tracks the effectiveness of the grievance mechanisms and other remediation processes and provide examples of their effectiveness, including stakeholder feedback.

Guidance

Background

This disclosure covers grievance mechanisms and other remediation processes that the organization has established or participates in. These mechanisms and processes enable stakeholders to raise concerns about impacts (actual and potential) that the organization has on them, including impacts on their human rights, and to seek remedy.

The UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises set out expectations for organizations to provide for or cooperate in the remediation, through legitimate processes, of negative impacts that they identify to have caused or contributed to, and to establish or participate in effective operational-level grievance mechanisms.

Grievance mechanisms are distinct from whistleblower mechanisms. Whistleblower mechanisms enable individuals to raise concerns about wrongdoing or breaches of the law in the organization’s operations or business relationships, regardless of whether the individuals themselves are harmed or not. Whistleblower mechanisms are to be reported under Disclosure RBC-5.

Guidance to RBC-4

This disclosure covers the operation of grievance mechanisms and other remediation processes that the organization has established or participates in. The disclosure does not cover environmental remediation processes, such as processes to remove contaminants from soil, when these are not connected to grievances raised by stakeholders. However, the remedy provided to stakeholders through the mechanisms and processes covered by this disclosure can involve environmental remediation.

Examples where the organization has provided for or cooperated in the remediation of specific negative impacts through grievance mechanisms and other remediation processes, as well as environmental remediation processes, are to be reported under MT-3-b-ii in GRI 103: Material Topics.

Guidance to RBC-4-b-i

Grievance mechanisms refer to any routinized, State-based or non-State-based, judicial or non-judicial processes through which stakeholders can raise grievances and seek remedy.

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

Non-State-based grievance mechanisms include those administered by the organization either alone or together with stakeholders, such as operational-level grievance mechanisms. It also includes collective bargaining and the mechanisms established by collective bargaining, as well as mechanisms
administered by industry associations, international organizations, civil society organizations, or multi-stakeholder groups.

Operational-level grievance mechanisms are administered by the organization either alone or in collaboration with other parties and are directly accessible by the organization’s stakeholders. They allow for grievances to be identified and addressed early and directly, thereby preventing both harm and grievances from escalating, and can provide important feedback on the effectiveness of the organization’s due diligence from those who are directly affected.

The organization can describe:

- the intended purpose and users of the mechanisms (i.e., whether they are intended for a particular stakeholder category, topic, or region) and whether they enable users to raise human rights-related concerns. For example, the organization can explain that it has established a mechanism for community members to raise complaints about resettlement and a separate hotline for workers to raise concerns about issues affecting their rights, such as health and safety conditions;
- how the mechanisms operate and who administers them (the organization and/or another party);
- for operational-level grievance mechanisms, whether they are administered at the organizational level or at a lower level, such as at the site or project level, and in the latter case, how data from these mechanisms is centralized;
- how the mechanisms have been designed and the principles and guidelines on which they are based, including whether they are designed to meet the effectiveness criteria set out in UN Guiding Principle 31;
- the process through which grievances are investigated;
- whether grievances are treated confidentially;
- whether the mechanisms can be used by stakeholders anonymously through representation by a third party;
- whether the organization requires or provides incentives for the creation or improvement of operational-level grievance mechanisms in workplaces of suppliers;
- whether the organization provides a back-up process for workplaces of suppliers that do not have operational-level grievance mechanisms or where the existing grievance mechanisms in those workplaces result in unresolved issues.

Guidance to RBC-4-b-ii

RBC-4-b-ii covers remediation processes other than grievance mechanisms. Examples include a customer service desk where customers can raise complaints about discrimination or privacy issues and receive remedy, or instances where the organization takes action to remediate an actual impact evidenced in an impact assessment or a report published by a civil society organization.

See Guidance to RBC-4-b-i for more information on how to report on other remediation processes.

Guidance to RBC-4-c

The organization can describe, for example, how it engages with stakeholders who are the intended users of the grievance mechanisms, to understand how they want to access the mechanisms to raise concerns and their expectations about how the mechanisms will operate.
According to UN Guiding Principle 31, effective grievance mechanisms are legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. In addition to these criteria, effective operational-level grievance mechanisms are also based on engagement and dialogue. It is acknowledged that it can be more difficult for the organization to assess the effectiveness of grievance mechanisms that it participates in compared to those it has established itself.

The organization can report:

- whether and how the intended users are informed about the grievance mechanisms and remediation processes and trained on how to use them;
- the accessibility of the mechanisms and processes, such as the total number of hours per day or days per week that they are available and their availability in different languages;
- how the organization seeks to ensure that users are treated with respect and protected against reprisals (i.e., non-retaliation for raising complaints or concerns);
- how satisfied users are with the mechanisms and processes or the resulting outcomes, and how the organization assesses users’ satisfaction;
- the number and types of grievances filed during the reporting period, and the percentage of grievances that were addressed and resolved, including the percentage that were resolved through remediation;
- the number of grievances filed during the reporting period that are repeated or recurring;
- changes made to the mechanisms and processes in response to lessons learned about their effectiveness.

Quantitative information, such as the number of grievances, is unlikely to be sufficient on its own. For example, a low number of grievances could indicate that few incidents have occurred, but it could equally signal that the mechanisms are not trusted by their intended users. For this reason, contextual information should be provided to aid in understanding and interpreting the quantitative information.

Disclosure RBC-5 Mechanisms for seeking advice and raising concerns

Requirements

The organization shall:

a. describe the mechanisms for individuals to:

i. seek advice on implementing the organization’s policies and practices for responsible business conduct;

ii. raise concerns about the organization’s responsible business conduct.
Guidance

Background

This disclosure covers the organization’s mechanisms for individuals to seek advice and to raise concerns about responsible business conduct in the operations of the organization and its business relationships. Examples of these mechanisms include confidential interviews during site visits, escalation processes (to raise issues through management levels), hotlines, mechanisms to report non-compliance with laws and regulations, and whistleblowing mechanisms.

These mechanisms enable individuals to raise concerns about wrongdoing or breaches of the law in the organization’s operations or business relationships, regardless of whether the individuals themselves are harmed or not. They are distinct from grievance mechanisms, which enable stakeholders to raise concerns about impacts (actual and potential) that the organization has on them, including impacts on their human rights, and to seek remedy. Grievance mechanisms are to be reported under Disclosure RBC-4.

Guidance to RBC-5

If the organization’s grievance mechanisms and its mechanisms for seeking advice and raising concerns about responsible business conduct operate in a similar way, the organization can provide a single description of how these mechanisms operate and clearly state which mechanisms the description covers.

Guidance to RBC-5-a

The organization can report:

- who the intended users of the mechanisms are;
- how the mechanisms operate and which level or function in the organization is assigned responsibility for them;
- whether the mechanisms operate independently of the organization (e.g., by a third party);
- the process through which concerns are investigated;
- whether requests for advice and concerns raised are treated confidentially;
- whether the mechanisms can be used anonymously.

Additionally, the organization can report on the effectiveness of the mechanisms, including:

- whether and how the intended users are informed of the mechanisms and trained on how to use them;
- the accessibility of the mechanisms, such as the total number of hours per day or days per week that they are available and their availability in different languages;
- how the organization seeks to ensure users are treated with respect and protected against reprisals (i.e., non-retaliation for reporting concerns);
- how satisfied users are with the mechanisms or the resulting outcomes;
- the number and types of requests for advice received during the reporting period, and the percentage of requests that were answered;
- the number and types of concerns raised during the reporting period, and the percentage of concerns that were addressed and resolved, or found to be unsubstantiated.
Disclosure RBC-6 Compliance with laws and regulations

Requirements

The organization shall:

a. report instances of non-compliance with laws or regulations for which significant fines or non-monetary sanctions were incurred during the reporting period, including:
   i. total monetary value of the significant fines incurred;
   ii. total number of significant fines and total number of non-monetary sanctions incurred;
   iii. the nature of each instance of non-compliance for which a significant fine or non-monetary sanction was incurred;

b. report instances of non-compliance with laws or regulations raised through dispute resolution mechanisms during the reporting period, including the nature of each instance of non-compliance.

Guidance

Background

This disclosure addresses all laws and regulations related to economic, environmental, and social matters that are applicable to the organization. These laws and regulations can be issued by a variety of bodies including governments (local, regional, and national), regulatory authorities, and public agencies.

Laws and regulations include:

- international declarations, conventions, and treaties;
- national, subnational, regional, and local regulations;
- binding voluntary agreements made with regulatory authorities and developed as a substitute for implementing a new regulation;
- voluntary agreements (or covenants) if the organization directly joins the agreement, or if public agencies make the agreement applicable to organizations in their territory through legislation or regulation.

Laws and regulations relating to economic and social matters include topics such as accounting and tax fraud, corruption, bribery, competition, the provision of products and services, or labor issues, such as workplace discrimination.

Laws and regulations relating to environmental matters include topics such as biodiversity, emissions energy, material use, spills and leaks, waste, and water and effluents.

Non-compliance with laws and regulations can give insight into the ability of management to ensure that the organization conforms to certain performance parameters. In some circumstances, non-compliance can lead to remediation obligations or liabilities other than fines, such as clean-up obligations in the case of environmental issues. The strength of an organization’s compliance record can also influence its ability to gain permits and consequently to expand operations.
Guidance to RBC-6

Non-monetary sanctions can include restrictions imposed by governments, regulatory authorities, or public agencies, on the organization’s activities or operations, such as withdrawal of trading licenses or licenses to operate in highly regulated industries.

A fine or non-monetary sanction is significant if it could influence decision-making by information users making use of the organization’s reported information. If the fine or non-monetary sanction is reported in the organization’s audited consolidated financial statements or in the financial information filed on public record, it can be considered significant and is required to be reported under this disclosure.

If the organization has not incurred any significant fines or non-monetary sanctions for non-compliance with laws or regulations, a brief statement of this fact is sufficient to meet the requirement.

Disclosure RBC-7 Membership associations

Requirements

The organization shall:

1. report industry and other membership associations and national and international advocacy organizations in which it has a significant role.

Guidance

Guidance to RBC-7

The organization can have a significant role in an association or advocacy organization when it holds a position in the governance body, participates in projects or committees, provides substantive funding beyond routine membership dues, or views its membership as strategic to influencing the mission or objective of the association that is critical to the organization’s own activities.
6. Stakeholder engagement

This section includes disclosures on the organization’s stakeholder engagement practices, including how it engages in collective bargaining with employees.

Disclosure SE-1 Approach to stakeholder engagement

Requirements

The organization shall:

a. describe its approach to engaging with stakeholders, including:

i. the categories of stakeholders it engages with, and how they are identified;

ii. the purpose of the stakeholder engagement;

iii. how the organization seeks to ensure meaningful engagement with stakeholders.

Guidance

Guidance to SE-1

Stakeholders are individuals or groups who have interests that are, or could be, affected by the organization’s activities and decisions. For more information on stakeholders, see Section 2.4 of GRI 101: Using the GRI Standards.

This disclosure covers stakeholder engagement undertaken by the organization as part of its ongoing activities rather than for the purpose of sustainability reporting.

Guidance to SE-1-a-i

Common categories of stakeholders for organizations include business partners, civil society organizations, consumers, customers, employees and other workers, governments, local communities, non-governmental organizations, shareholders, suppliers, trade unions, and vulnerable groups.

The organization can explain how it determines which categories of stakeholders to engage with and which categories not to engage with.

Guidance to SE-1-a-ii

The organization can report the types of activities and decisions for which it engages with stakeholders, for example, to identify actual and potential negative impacts, or to determine prevention and mitigation responses to potential negative impacts. In some cases, stakeholder engagement is a right in and of itself, for example, the right of workers to form or join trade unions or their right to bargain collectively.

The organization can additionally report:

- the type and frequency (e.g., annually, quarterly) of stakeholder engagement. For example, whether the engagements are ongoing (e.g., in the case of systemic issues) or whether they are specific engagements with particular groups or for particular operations or projects;
• when the organization engages directly with stakeholders and when it engages with credible
  stakeholder representatives or proxy organizations, or other credible independent expert
  resources, and why;
• whether stakeholder engagement activities take place at the organizational level or at a
  lower level, such as at the site or project level, and in the latter case, how data from
  stakeholder engagement activities is centralized;
• the resources (e.g., financial or human resources) allocated to stakeholder engagement.

Further information on stakeholder engagement undertaken for specific activities, for example, for
the setup and operation of grievance mechanisms and other remediation processes, or for the
identification and management of material topics and related impacts, is reported under other
disclosures (RBC-4-d in this Standard, and MT-1-a-iii and MT-3-d in GRI 103: Material Topics).

**Guidance to SE-1-a-iii**

As stated in the *OECD Due Diligence Guidance for Responsible Business Conduct*, meaningful stakeholder
engagement is characterized by two-way communication and depends on the good faith of
participants on both sides. It is also responsive and ongoing, and includes engaging with relevant
stakeholders before decisions are made.

The organization can report:

• how it takes into account potential barriers to stakeholder engagement (e.g., language and
cultural differences, gender and power imbalances, divisions within a community or group);
• how it engages with at-risk or vulnerable groups, such as whether it takes specific
approaches and gives special attention to potential barriers;
• how it provides stakeholders with information that is understandable and accessible through
appropriate communication channels;
• how stakeholder feedback is recorded and integrated into decision-making, and how
stakeholders are informed about how their feedback has influenced decisions;
• how it seeks to respect the human rights of all stakeholders engaged, such as their rights to
privacy, freedom of expression, and peaceful assembly and protest;
• how it works with business partners to engage with stakeholders in a meaningful way,
including expectations it places on business partners to respect the rights of stakeholders
during engagement.

**Disclosure SE-2 Collective bargaining agreements**

**Requirements**

The organization shall:

a. report the percentage of total employees covered by collective bargaining
agreements;

b. for employees not covered by collective bargaining agreements, report whether it
determines their working conditions and terms of employment based on its
existing collective bargaining agreements that cover other employees or based on
collective bargaining agreements from other organizations.
**Guidance**

**Background**

The right to collective bargaining is a fundamental right at work that is covered in the *ILO Right to Organize and Collective Bargaining Convention*. Collective bargaining refers to negotiations that take place between one or more employers or employers’ organizations and one or more workers’ organizations (trade unions). The objective of these negotiations is to reach a collective agreement on working conditions and terms of employment (e.g., wages and working time) or to regulate relations between employers and workers. These negotiations are an important means through which organizations and trade unions can improve working conditions and labor relations.

Collective agreements can be made at the level of the organization, at the level of a particular site, and/or at the industry level or at the national level in countries where this is the practice. Collective agreements can cover specific groups of workers, for example, those performing a specific activity or working at a specific location.

See references 1, 2, 3, 4, 5, 9, 10, 24, 26, and 27 in the References section.

**Guidance to SE-2-a**

SE-2-a provides information on the proportion of the organization’s employees whose working conditions and terms of employment (e.g., wages and working time) are regulated by one or more collective bargaining agreements. This can give insight into whether the organization respects its employees’ rights to collective bargaining and freedom of association.

This requirement does not ask for the percentage of employees belonging to trade unions, which might be a different number. The percentage of employees covered by collective bargaining agreements can be higher than the percentage of unionized employees when an organization is required to apply the collective bargaining agreements to both union and non-union members. Alternatively, the percentage of employees covered by collective bargaining agreements can be lower than the percentage of unionized employees when there are no collective bargaining agreements available or when the collective bargaining agreements do not cover all unionized employees.

The percentage of total employees covered by collective bargaining agreements is calculated using the following formula:

\[
\frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Total number of employees reported under Disclosure ACT-2}} \times 100
\]

The employees covered by collective bargaining agreements are those employees to whom the organization is obliged to apply the agreement. If an employee is covered by more than one collective bargaining agreement, it only needs to be counted once.

Employees who are represented by a works council are not included under SE-2-a, unless the works council engages in collective bargaining that results in a collective bargaining agreement.

If none of the organization’s employees are covered by collective bargaining agreements, a brief statement of this fact is sufficient to meet the requirement.

The organization can additionally report the percentage of employees covered by collective bargaining agreements per region or country, or provide comparisons with industry benchmarks.

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Guidance to SE-2-b

SE-2-b only applies to organizations where some or all employees are not covered by collective bargaining agreements. In these cases, the organization might determine the working conditions and terms of employment of these employees based on its existing collective bargaining agreements that cover other employees (as reported under SE-2-a) or based on collective bargaining agreements from other organizations. SE-2-b requires the organization to report if this is the case.

If all the organization’s employees are covered by collective bargaining agreements, the organization does not need to report the information in SE-2-b.
References

The following documents informed the development of this Standard and can be helpful for understanding and applying it.

Authoritative intergovernmental instruments:

1. International Labour Organization (ILO), Collective Agreements Recommendation, 1951 (No. 91).
15. United Nations (UN), International Bill of Human Rights:
   15.2 United Nations (UN), International Covenant on Civil and Political Rights, 1966.
   15.5 United Nations (UN), Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition of the death penalty, 1989.


Other relevant references:


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Note 1: Defined terms are underlined in the text of the GRI Standards and hyperlinked to their definitions in the Glossary.

Note 2: The disclosure codes used in this Standard (e.g., MT-1) are not the final disclosure codes. They are intended for the purpose of the public comment, to help users distinguish these disclosures from the existing disclosures in GRI 102: General Disclosures 2016 and GRI 103: Management Approach 2016.
1. Introduction

GRI 103: Material Topics is to be used by the organization to identify and to report on its material topics. Material topics are topics that reflect the organization’s most significant impacts on the economy, environment, and people, including impacts on human rights.

An organization reporting in accordance with the GRI Standards is required to identify its material topics and to report all disclosures in this Standard, as set out in Section 3.1 of GRI 101: Using the GRI Standards.

The organization is also required to use the GRI Sector Standard(s) that apply to its sector(s), where these are available, to identify its material topics. The Sector Standards provide information on the most likely material topics for organizations in a given sector. Using Sector Standards, however, is not a substitute for the organization’s own process for identifying material topics.

1.1 Overview of this Standard

This Standard is structured as follows:

- Section 2 includes guidance in four steps on how to identify material topics.
- Section 3 contains three disclosures for the organization to report its material topics and related impacts, how it identifies its material topics, and how it manages each material topic.

1.2 GRI Standards

The GRI Standards help organizations increase their transparency and communicate their contribution to sustainable development. The GRI Standards are designed to be used by any organization – large or small, private or public, regardless of sector, location, and reporting experience. The Standards provide a consistent and credible way for organizations to report on their impacts, which in turn enhances the global comparability and quality of this information.

The Standards provide a flexible framework for reporting. Organizations can either report on all their material topics in accordance with the GRI Standards, or they can use selected GRI Standards, or parts of their content, to report information with reference to the GRI Standards.

Structure of the GRI Standards

The GRI Standards consist of three sets of Standards: Universal Standards, Sector Standards, and Topic Standards.

Universal Standards

The three Universal Standards apply to all organizations reporting in accordance with the GRI Standards.

GRI 101: Using the GRI Standards is the starting point for all organizations. It introduces the system of GRI Standards and explains how they are to be used.

GRI 102: About the Organization contains disclosures for contextual information about the organization.

GRI 103: Material Topics includes guidance for identifying material topics, and contains disclosures about the organization’s material topics and how it identifies and manages them.
Sector Standards

The Sector Standards provide information on the most likely material topics for organizations in a given sector. The organization uses the applicable Sector Standard(s) to assist in identifying its material topics and what to report for each material topic.

Topic Standards

The Topic Standards include disclosures that provide information on particular topics. The organization selects and uses the Topic Standards that correspond to the material topics it has identified.

Figure 1. GRI Standards: Universal, Sector, and Topic Standards

1.3 Requirements, guidance, and defined terms

The following apply throughout the GRI Standards:

Requirements are presented in bold font and indicated with the word 'shall'.

As set out in Section 3.1 of GRI 101: Using the GRI Standards, information required by the disclosures in GRI 103 cannot be omitted. All information required by the disclosures in GRI 103 is considered critical for information users to understand the organization’s approach to its material topics.

If the organization is unable to report the required information about an item specified in a disclosure because the item, e.g., a policy, practice, or other process, does not exist, it can meet the requirement by reporting this to be the case. In such cases, the disclosure does not require the organization to implement the item, such as the process, but to report if it does not exist.

For example, Disclosure MT-3 requires the organization to report its goals and targets for each material topic, among other items. If the organization does not have goals and targets for a material
topic, then it is required to state this. This ensures transparency for information users and enables
the organization to meet the requirement.

If the organization is required to report information that it has previously reported, and the
information has not changed during the reporting period (e.g., the organization is required to report
information on a policy or process that has not changed since the previous reporting period), the
organization can republish this information or provide a reference to the previously reported
information.

Guidance sections include background information, explanations, and examples to help
organizations better understand the requirements.

The guidance sections also include ‘should’ statements, which indicate recommendations, and ‘can’
statements, which indicate a possibility or an option.

The organization is not required to comply with guidance.

Defined terms are underlined in the text of the GRI Standards and hyperlinked to their definitions
in the Glossary. The organization is required to apply the definitions in the Glossary.
2. Identifying material topics

This section describes the steps that the organization should go through in order to identify its material topics; following these steps is not a requirement.

The first three of these steps relate to the organization’s ongoing identification and assessment of impacts as part of its regular activities in order to manage its impacts. These three steps in turn inform the last step, which is the identification of material topics for reporting.

In subsequent reporting periods, the organization should review the previously identified material topics to account for changes in its activities and business relationships that lead to a change in its impacts. This helps to ensure the material topics are still representative of the organization’s most significant impacts in each reporting period.

Figure 2. Steps for identifying material topics

The approach applied for each step will vary according to the specific circumstances of the organization, such as its business model; sector; geographic, cultural and legal operating context; ownership structure; and the nature of its impacts. Given these specific circumstances, the organization should use a systematic, replicable, and documented approach to identify its material topics. In particular, the organization should:

- document the process for identifying its material topics, including the approach, assumptions, and decisions taken. Accurate records help the organization to fulfil relevant disclosures and to explain its chosen approach, and they facilitate analysis and assurance;
- apply the steps to identify material topics consistently over time, and document any changes to the approach along with their implications;
- be transparent about any subjective judgments it has made in the process to identify material topics.

In addition, the highest governance body should oversee the process and approve the identified material topics.

The next sections describe the four steps in more detail.
Step 1. Assess the organization’s context

This step involves the organization assessing its activities and business relationships and the context in which these take place. This provides the organization with critical information for identifying its actual and potential impacts.

Relevant departments and functions within the organization can assist with assessing its activities and business relationship and their context, for example, communications, human resources, investor relations, legal and compliance department or functions, marketing and sales, procurement, and product development. The GRI Sector Standards also provide useful contextual information for the organization’s sector(s).

Assessing activities

The organization should assess the following for its own activities:

- The types of activities it carries out (e.g., sales, marketing, manufacturing, distribution) and the geographic locations of these activities.
- The types of products and services it offers, and the markets served (i.e., the types of customers and beneficiaries targeted, and the geographic locations where products and services are offered).
- The sector(s) in which the organization is active and the characteristics of the sector(s) (e.g., whether it involves informal work, or is labor or resource intensive).
- The number of employees, including their employment type (full-time or part-time), employment contract (permanent or temporary), and demographic characteristics (e.g., gender, age, geographic location).
- The number of workers who are not employees that perform work for the organization, including the types of worker (e.g., agency workers, contractors, self-employed persons, volunteers), their contractual relationship with the organization (whether the organization engages these workers directly or indirectly through a third party), and the nature of work they perform.

Assessing business relationships

The organization’s business relationships include relationships with business partners, entities in its value chain (including entities beyond the first tier), and any other entities directly linked to its operations, products, or services. The organization should assess the following for its business relationships:

- The types of business relationships it has (e.g., joint ventures, suppliers, franchisees).
- The types of activities undertaken by these business relationships (e.g., manufacturing the organization’s products, providing security services to the organization).
- The nature of the business relationships (e.g., whether they are based on a long-term or short-term contract, or based on a specific project or event).
- The geographic location of the business relationships.

Assessing context

The organization should assess the following in order to understand the context in which its activities and business relationships take place:

- Economic conditions, societal issues, and environmental challenges at local, regional, and global levels related to the organization’s sector(s) and the geographic locations of its
activities and business relationships (e.g., poverty, political conflict, water security, climate change, lack of law enforcement).

- The organization’s responsibility in relation to the international standards and agreements with which it is expected to comply; for example, the International Bill of Human Rights; the International Labour Organization (ILO), Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; the Organisation for Economic Co-operation and Development (OECD), OECD Guidelines for Multinational Enterprises; or the United Nations (UN), Guiding Principles on Business and Human Rights.

- The organization’s responsibility in relation to the laws and regulations with which it is expected to comply.

- The organization’s vision and mission, strategy, business model, and policy commitments for responsible business conduct.

**Step 2. Identify actual and potential impacts**

This step involves the organization identifying its actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights, across its own activities and its business relationships.

In order to identify its impacts accurately, the organization should seek to understand the concerns of stakeholders (see Box 1). The organization can also consult with internal experts as well as with external experts, such as civil society organizations or academics.

Impacts may change over time as the organization’s activities and business relationships and their context evolve. For example, new activities or business relationships or major decisions or changes in operations or the operating context (e.g., new market entry, product launch, policy change, or wider changes to the organization) could lead to changes in the organization’s impacts. For this reason, the organization should identify its impacts on an ongoing basis.

In situations where an organization has limited resources available for identifying its impacts, it should start by identifying its negative impacts, before moving onto identifying positive impacts.

**Box 1. Engaging with relevant stakeholders and experts**

The organization should seek to understand the concerns of its stakeholders by consulting them directly in a way that takes language and other potential barriers into account. Identifying and removing potential barriers to stakeholder engagement (e.g., language and cultural differences, gender and power imbalances, divisions within the community) is important to ensure that stakeholder engagement is effective. Engagement with at-risk or vulnerable groups might call for specific approaches and special attention, such as approaches that remove social barriers limiting the participation of women in public fora, or approaches that remove the physical barriers preventing remotely located communities from attending a meeting.

The organization should respect the human rights of all stakeholders and other individuals it engages with (e.g., their rights to privacy, freedom of expression, and peaceful assembly and protest).

In situations that involve many stakeholders or involve certain types of impact that result in collective harm, broad engagement with stakeholders might not be possible. For example, in the case

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Identifying negative impacts

The guidance in this section on identifying negative impacts is based on the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct.

Identifying the actual and potential negative impacts with which the organization is or could be involved is the first step of due diligence. The organization should consider actual and potential impacts it causes or contributes to through its own activities, as well as those that are directly linked to its operations, products, or services by its business relationships (see Box 2).

To identify its actual and potential negative impacts, the organization can use information from diverse sources. It can use its own or third-party environmental, socio-economic, and human rights impact assessments, legal reviews, anti-corruption compliance management systems, financial audits, occupational health and safety inspections, and any other relevant assessments of its business relationships. It can use grievance mechanisms that it has established itself or that have been established by other organizations. It can also use information from external sources, such as news organizations and civil society organizations.

In some cases, the organization might be unable to identify actual and potential negative impacts across all its activities and business relationships, for example, because it has diverse or multiple global operations or because its value chain comprises a large number of entities. In these cases, the organization may carry out an initial assessment or scoping exercise to identify general areas across its activities and business relationships where negative impacts are most likely to be present and significant. The organization can then identify and assess specific actual and potential negative impacts for these areas.

As part of this initial assessment or scoping exercise, the organization can consider sector-specific, product-specific, geographic-level, and enterprise-level impacts, as well as other impacts it has faced or knows it is likely to face. The GRI Sector Standards identify impacts that are most likely to be present and significant for organizations in a given sector. The organization can also use the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD sector-specific due diligence guidance for information on sector-specific, product-specific, geographic-level, and enterprise-level impacts, as well as reports from governments, environmental agencies, international organizations, civil society organizations, workers’ representatives and trade unions, national human rights institutions, media, or other experts.
An organization ‘causes’ a negative impact if its activities on their own result in the impact. For example, if the organization pays a bribe to a foreign public official, or if it withdraws water from a water-stressed aquifer without replenishing the water level.

An organization ‘contributes to’ a negative impact if its activities cause, facilitate, or incentivize another entity to cause the impact. An organization can also contribute to a negative impact if its activities in combination with the activities of other entities cause the impact. For example, if the organization sets a short lead time for a supplier to deliver a product, despite knowing from past experience that this production time is not feasible, this could contribute to excessive overtime for the supplier’s workers. In this case, the organization could contribute to negative impacts on the health and safety of these workers.

An organization can cause or contribute to a negative impact through its actions as well as its failure to take action (e.g., failure to prevent or mitigate a negative impact that the organization could have foreseen).

Even if an organization does not cause or contribute to a negative impact, its operations, products, or services could be connected to a negative impact of a business relationship. In this case, the organization’s operations, products, or services are ‘directly linked to’ a negative impact by its business relationship. For example, if the organization sources and uses cobalt in its products that is mined using child labor, the negative impact (i.e., child labor) is directly linked to the organization’s products through the tiers of business relationships in its supply chain (i.e., with the smelter, minerals trader, or mining enterprise that uses child labor), even though the organization has not caused or contributed to the negative impact itself.

The way an organization is involved with negative impacts is important for determining how the organization should address an impact and whether it has a responsibility to provide for or cooperate in its remediation (see Section 2.3 of GRI 101: Using the GRI Standards).

**Identifying positive impacts**

To identify its actual and potential positive impacts, the organization should assess the manner in which it contributes or could contribute to sustainable development through its own activities, for example, through its products, services, investments, procurement practices, as an employer, or as a taxpayer.

Examples of positive impacts could be an organization adopting measures that lower the cost of renewable energy for customers, or choosing an area with high unemployment to open a new facility so that it can hire and train unemployed members of the local community.

The organization should consider any negative impacts that could result from activities that aim for a positive contribution to sustainable development. Negative impacts cannot be offset by other positive impacts. For example, a renewable energy installation might reduce a region’s dependence on fossil fuels and bring energy to underserved communities. But if it displaces local indigenous communities from their historical and cultural lands without their consent, this negative impact needs to be addressed and cannot be offset by the other positive impacts.

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Step 3. Assess the significance of identified impacts

The organization might identify many actual and potential impacts. This step involves the organization assessing the significance of its identified impacts to prioritize them for action and also to prioritize them for reporting in Step 4. How significant an impact is will be specific to the organization, and will be influenced by its sector(s), and business relationships, among other factors.

In some instances, this can necessitate a subjective decision. Therefore, the organization should consult with relevant stakeholders (see Box 1) and business relationships on how to determine the significance of its identified impacts. The organization can also consult relevant internal or external experts as needed.

Assessing the significance of negative impacts

The guidance in this section on assessing the significance of negative impacts is based on the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct.

The significance of an actual negative impact is assessed by considering its severity. The significance of a potential negative impact is assessed by considering its severity as well as its likelihood.

Severity

The severity of an actual or potential negative impact is determined by the following characteristics:

- Scale: how grave the impact is.
- Scope: how widespread the impact is, for example, the number of individuals affected or the extent of environmental damage.
- Irremediable character: how hard it is to counteract or make good the resulting harm.

The scale of a negative impact (i.e., how grave the impact is) can depend on whether the impact leads to non-compliance with the laws and regulations or with the international standards and agreements with which the organization is expected to comply. For example, if a negative impact leads to a violation of human rights or fundamental rights at work, or non-compliance with the reductions in GHG emissions to be achieved under the Paris Agreement, the scale of this impact can be considered greater.

The scale of a negative impact can also depend on the context in which the impact takes place. For example, the scale of the impact of an organization’s water withdrawal can depend on the area from where water is withdrawn. The scale will be greater if water is withdrawn from an area affected by water stress, compared to an area that has abundant water resources to meet the demands of ecosystems and other water users.

Any of the three characteristics (scale, scope, and irremediable character) can make an impact severe. Although it is often the case that these characteristics are interdependent: the greater the scale or the scope of an impact, the less remediable it is.

The severity – and thereby the significance – of an impact are not absolute concepts; the severity of an impact should be assessed relative to the other impacts the organization has identified. For example, the organization should compare the severity of the impacts of its greenhouse gas (GHG) emissions against the severity of its other identified impacts. The organization should not assess the significance of its GHG emissions relative to global GHG emission levels, as that comparison could lead to the conclusion that the organization’s emissions are not significant.

Likelihood

The likelihood of a potential negative impact refers to the chance of the impact happening. The likelihood of an impact can be measured or determined qualitatively or quantitatively, and can be
described using general terms (e.g., very likely, likely) or mathematically (using a probability, e.g., 10 in 100 or 10%, or a frequency over a given time period, e.g., once every three years).³

**Negative human rights impacts**

In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood. For example, a nuclear power facility may prioritize the potential impact related to loss of life in cases of natural disasters, even though natural disasters are less likely to occur than other incidents at the facility.

The severity of a negative human rights impact is not limited to physical harm. Any human right can be subject to severe impacts. For example, interfering with, damaging, or destroying a sacred space without consultation or agreement with the people who use the space can have a severe impact on people’s cultural rights.

**Assessing the significance of positive impacts**

The significance of an actual positive impact is assessed by considering its scale and scope. The significance of a potential positive impact is assessed by considering its scale and scope on the one hand, and its likelihood on the other.

**Scale and scope**

In the case of positive impacts, the scale of an impact refers to how beneficial the impact is or would be, and the scope refers to how widespread the impact is or would be, for example, the number of individuals or the extent of environmental resources that are or would be positively affected.

Likelihood

The likelihood of a potential positive impact refers to the chance of the impact happening. The likelihood of an impact can be measured or determined qualitatively or quantitatively, and can be described using general terms (e.g., very likely, likely) or mathematically (using a probability, e.g., 10 in 100 or 10%, or a frequency over a given time period, e.g., once every three years).⁴

**Step 4. Prioritize the most significant impacts for reporting**

This step involves the organization prioritizing its impacts based on their significance, to identify material topics for reporting.

**Setting a threshold to determine which topics are material to report**

The significance of an impact is assessed relative to the other impacts the organization has identified. The organization should arrange the identified impacts from most to least significant, and define a cut-off point or threshold to determine which of the impacts it will focus its reporting on. The organization should document the threshold and criteria used when identifying material topics. To facilitate prioritization, the organization should group the identified impacts into topics (see Box 3).

The significance of an impact is the sole criterion for determining whether a topic is material to report on. The organization cannot use difficulty in reporting on a topic or the fact that it does not yet manage the topic as the basis for determining whether or not to report on that topic. In cases where the organization does not manage a material topic and related impacts, the organization is required to report the reasons for not doing so or any plans to manage the topic under Disclosure MT-3.

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While some topics can cover both negative and positive impacts, the organization may prioritize negative impacts separately from positive impacts, as negative impacts need to be discussed independently and cannot be offset by positive impacts.

Even if the organization has not prioritized an actual and potential negative impact for reporting, the organization still has a responsibility to understand how to address the impact in line with the applicable laws, regulations, or internationally recognized instruments (see Section 2.3 of GRI 101: Using the GRI Standards for more information).

Box 3. Grouping impacts into topics

The organization can group impacts into topics according to general categories of impacts that relate to a business activity, a stakeholder category, a type of business relationship, or an economic or environmental resource. For example, if an organization identifies water pollution as one potential negative impact of its activities, and the reduced access of local communities to safe drinking water as another potential negative impact, it can group these impacts under the topic of ‘water and effluents’. The organization can refer to the topic names included in the GRI Topic Standards and the GRI Sector Standard(s) that apply to its sector(s).

Testing the material topics with information users and experts

The organization can test its selection of material topics with potential information users and experts who understand the organization or its sector(s) and have insight into one or more of the material topics identified. Examples of experts the organization can consult include non-governmental organizations, academics, consultants, lawyers, and investors.

Approval of material topics by highest governance body

The organization’s highest governance body should approve the identified material topics.

Determining what to report for each material topic

Once the organization has identified its material topics, it needs to determine what to report for each material topic. See Requirements A-4 and A-5 in Section 3.1 of GRI 101: Using the GRI Standards for information on how to report on material topics.
3. Reporting on material topics

The disclosures in this section provide information about how the organization has identified its material topics, the material topics and related impacts identified, and how it manages each material topic. Material topics are topics that reflect the organization’s most significant impacts on the economy, environment, and people, including impacts on human rights. Section 2 of this Standard provides guidance on identifying material topics, which help understand these disclosures.

Disclosure MT-1 Identification of material topics and related impacts

Requirements

The organization shall:

a. report how it has identified its material topics, including:
   i. how it has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights, across its own activities and business relationships;
   ii. how it has prioritized impacts for reporting based on their significance;
   iii. the stakeholders and experts whose views have informed the identification of material topics;

b. report changes in the material topics compared to the previous reporting period.

Guidance

Guidance to MT-1

This disclosure covers how the organization has identified its material topics and related impacts. The material topics and related impacts that the organization has identified are reported under Disclosure MT-2.

Guidance to MT-1-a-i

The organization should describe the methods it has used to identify its impacts, for example, environmental, socio-economic, and human rights impact assessments, grievance mechanisms, or information from external sources, such as civil society organizations.

Guidance to MT-1-a-ii

The organization should describe how it has assessed the significance of the impacts identified. The significance of a negative impact is assessed based on its severity (scale, scope, and irremediable character) and likelihood. In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood. The significance of a positive impact is assessed based on its scale, scope, and likelihood. See Section 2 of this Standard for more guidance.

The organization should also describe how it has defined the threshold to determine which topics are material to report, and whether it has tested its selection of material topics with potential information users and experts.
The organization should describe how it has considered sector-specific, product-specific, and geographic-level impacts when identifying its material topics. The organization should also explain whether and why it does not report on some of these impacts as part of its material topics; for example, because the specific impact was assessed to be absent or because the impact was not among the most significant to report on. Reporting this information indicates whether the organization recognizes sector-specific, product-specific, and geographic-level impacts, and provides information users with adequate contextual information to assess the organization’s selection of material topics.

For example, an oil and gas project often requires land for its operations, access routes, and distribution. This can lead to impacts such as involuntary resettlement of local communities, which can involve their physical displacement as well as economic displacement such as loss of access to resources. An organization undertaking an oil and gas project would need to consider, in the early stages of due diligence, whether the project could result in involuntary resettlement of communities. If the project does not result in involuntary resettlement of communities, the organization should still report why this topic, which is commonly associated with the oil and gas sector, was not identified as material to report, to make clear that the topic was not overlooked.

See section 2 of this Standard and the GRI Sector Standards for guidance on sector-specific, product-specific, and geographic-level impacts.

The organization should explain why a topic that was identified as material in the previous reporting period is deemed to no longer be material or why a new topic has been identified as material.
Disclosure MT-2 Material topics and related impacts

Requirements

The organization shall:

a. report the material topics it has identified;

b. for each material topic:
   i. describe the actual and potential, negative and/or positive impacts identified on the economy, environment, and people, including impacts on human rights;
   ii. report whether the organization is involved with the negative impacts through its own activities or as a result of its business relationships.

Guidance

Guidance to MT-2

This disclosure covers the material topics and related impacts identified by the organization. How the organization has identified its material topics is reported under Disclosure MT-1.

An organization reporting in accordance with the GRI Standards is required to include the material topics reported under this disclosure in the GRI content index (see Requirement A-6 in Section 3.1 of GRI 101: Using the GRI Standards).

Guidance to MT-2-a

The organization can group material topics by relevant categories if this helps communicate its impacts better. Examples of categories include negative human rights impacts, impacts in the supply chain, or impacts on the environment.

Guidance to MT-2-b

MT-2-b provides contextual information to understand how the organization manages each material topic and related impacts (reported under Disclosure MT-3). MT-2-b does not require a detailed description of impacts or a detailed explanation of how the organization is involved with each negative impact; the organization can provide a high-level description of the impacts it has identified.

Guidance to MT-2-b-i

MT-2-b-i covers impacts related to each material topic. It enables the organization to indicate if a topic is material because of negative impacts, positive impacts, or both.

Describing negative impacts

The organization can describe:

- whether the impacts are systemic (e.g., child labor or forced labor in countries where the organization operates or sources inputs from) or are related to individual incidents (e.g., an oil spill);
- the stakeholders (without identifying specific individuals) or environmental resources that are affected or could potentially be affected, and their geographic location.

Reporting on negative impacts can help the organization demonstrate that it recognizes these impacts and that it has taken action or intends to take action to address them. The organization
might have concerns about reporting on negative impacts even if these impacts are already publicly
known. In fact, where negative impacts are publicly known, failure to acknowledge these impacts and
explain how they are being addressed could have consequences for the organization (e.g.,
reputationally, financially, operationally). If the organization is unable to disclose specific information
(e.g., because that could affect the right to privacy of stakeholders), it can provide the information in
aggregated or anonymized form, or it can describe sector-specific, product-specific, or geographic-
level impacts.

**Describing positive impacts**

The organization can describe:

- the activities that result in the positive impacts (e.g., products, services, investments,
  procurement practices);
- the stakeholders or environmental resources that are benefitted or could potentially be
  benefitted, and their geographic location.

**Guidance to MT-2-b-ii**

The way an organization is involved with negative impacts is important for determining the
organization’s responsibility toward addressing the impacts (see Section 2.3 of GRI 101: Using the GRI
Standards). MT-2-b-ii therefore provides contextual information for understanding the actions taken
to manage negative impacts (reported under Disclosure MT-3).

MT-2-b-ii requires the organization to report whether it is involved with the negative impacts
through its own activities or as a result of its business relationships. Where possible, the
organization should also report whether it is or could be causing or contributing to the negative
impacts through its own activities, or whether the impacts are or could be directly linked to its
operations, products, or services by its business relationships even if it has not contributed to them.
See Box 2 in Section 2 of this Standard for more information.

The organization can also report the types of activities (e.g., manufacturing, retail) or types of
business relationships (e.g., suppliers of raw materials, franchisees) involved with the identified
negative impacts, their position in the value chain, and their geographic location.
Disclosure MT-3 Management of material topics and related impacts

Requirements

For each material topic reported under Disclosure MT-2, the organization shall:

- describe its policies or commitments for the topic;
- describe actions taken to manage the topic and related impacts, in particular:
  - actions taken to prevent or mitigate potential negative impacts;
  - actions taken to address actual negative impacts, including actions to provide for or cooperate in their remediation;
- report the following information about the effectiveness of the actions taken:
  - processes used to track the effectiveness of the actions taken;
  - goals, targets, and indicators used to evaluate progress;
  - evidence of the extent to which the actions taken have been effective, including progress toward the goals and targets;
  - lessons learned and how these have been incorporated into the organization's operational policies and procedures;
- describe how engagement with stakeholders has informed the actions taken (MT-3-b) and whether the actions taken have been effective (MT-3-c);
- if the organization does not manage a material topic, explain the reason for not managing the topic or describe any plans to manage it.

Guidance

Guidance to MT-3

This disclosure enables the organization to explain how it manages each of its identified material topics and related impacts.

The requirements in this disclosure apply to every material topic. An organization preparing a report in accordance with the GRI Standards is required to report this disclosure for each of its identified material topics.

Besides this disclosure, the Topic Standards and Sector Standards can also contain disclosures and guidance for reporting how the organization manages a topic. For example, some Topic Standards contain disclosures about specific actions or methods to manage impacts for a topic. The organization does not need to repeat this information under Disclosure MT-3 if it is already reported under another disclosure. The organization can report this information once and provide a reference to this information to fulfill the corresponding MT-3 requirements.

If the organization’s approach to managing a material topic, such as its policies or actions taken, applies to other material topics, the organization does not need to repeat this information for each topic. The organization can report this information once, with a clear explanation of all the topics it covers.
**Guidance to MT-3-a**

Disclosures RBC-2 and RBC-3 in GRI 102: About the Organization provide guidance on how to report on policies. If the organization’s policies for a material topic have been described under Disclosures RBC-2 and RBC-3, the organization can provide a reference to this information under MT-3-a and does not need to repeat the information.

When reporting on commitments, the organization should provide a statement of intent to manage the topic and related impacts, or explain the following:

- The organization’s stance on the topic.
- Whether the commitment to manage the topic is based on regulatory compliance or extends beyond it.
- Compliance with international standards related to the topic.

**Guidance to MT-3-b**

MT-3-b provides information to understand how the organization responds to its identified impacts. MT-3-b does not require a detailed description of actions taken in relation to each impact; the organization can provide examples to show how it manages its impacts.

The organization should include information on how it integrates the findings from its identification and assessment of impacts across relevant internal functions and processes, including:

- the level and function within the organization that has been assigned responsibility for managing the impacts;
- the internal decision-making, budget allocation, and oversight processes to enable effective actions to manage the impacts.

**Guidance to MT-3-b-i**

The organization should report:

- examples of actions taken to prevent or mitigate potential negative impacts (e.g., adaptation/modification measures, facility upgrading, training, red-flag systems);
- approaches taken to prevent or mitigate systemic negative impacts;
- how the organization applies the precautionary principle, including:
  - how the organization proactively informs the public about potential negative impacts of its activities, products, and services, and how it deals with related questions and complaints;
  - the organization’s support or contribution to scientific research related to evaluating potential negative impacts of its activities, products, and services;
  - the organization’s participation in collaborative efforts to share knowledge and to prevent negative impacts of its activities, products, and services;
- how the organization uses or increases its leverage to prompt its business relationships to prevent or mitigate potential negative impacts. For example, the organization can use or increase its leverage by enforcing contractual requirements, implementing incentives (such as future orders), providing training and support, or actively collaborating with other actors to motivate its business relationships to prevent or mitigate potential negative impacts;
- whether the organization has terminated a business relationship because it lacks the leverage to prevent or mitigate potential negative impacts, and whether it has assessed if terminating the relationship could itself result in negative impacts.
See Guidance to RBC-2-a-iii in GRI 102: About the Organization for more information on 'precautionary principle'.

**Guidance to MT-3-b-ii**

The organization should report:

- examples of specific actions taken to remediate actual negative impacts, including examples of specific remedies or types of remedy provided;
- how the grievance mechanisms or other remediation processes (reported under Disclosure RBC-5 in GRI 102: About the Organization) have made it possible for actual negative impacts to be remediated.

See Disclosure RBC-5 for more information on grievance mechanisms and other remediation processes.

**Guidance to MT-3-c-i**

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

The processes used to track the effectiveness of actions taken can include internal or external auditing or verification, impact assessments, measurement systems, stakeholder feedback, grievance mechanisms, external performance ratings, and benchmarking.

**Guidance to MT-3-c-ii**

When reporting on goals and targets, the organization should report:

- how the goals and targets are set;
- whether and how the goals and targets take into account the context in which the impacts take place and are informed by expectations in internationally recognized instruments and, where relevant, by scientific consensus;
- whether goals and targets are mandatory (based on legislation) or voluntary. If they are mandatory, the organization can list the relevant legislation;
- the organization's activities or business relationships to which the goals and targets apply;
- the baseline for the goals and targets;
- the timeline for achieving the goals and targets.

Targets can be qualitative, e.g., the implementation of a management system by a certain date, or quantitative, e.g., reducing GHG emissions by a certain percentage by a certain date.

The indicators used to evaluate progress can also be qualitative or quantitative. Quantitative indicators can bring precision and enable comparisons. Qualitative information is often needed to put quantitative information into context, enable its interpretation, and determine which comparisons and conclusions are likely to be most valid. The Topic Standards include qualitative and quantitative indicators.

**Guidance to MT-3-c-iii**

The organization should report examples supported by evidence of the extent to which specific actions taken have been effective. The evidence provided should show that there is a credible link between the specific action taken by the organization and the effective management of the impacts.

For example, to show the effectiveness of capacity building provided to certain suppliers on improving working conditions, the organization can report survey feedback from the suppliers’
workers showing that working conditions have improved, together with data showing a decrease in the number of incidents identified through independent audits.

Similarly, to show the effectiveness of its actions to improve the quality of water discharged, the organization can report data showing a decrease in the concentration of total dissolved solids (mg/L) in its water discharge.

When reporting progress toward the goals and targets, the organization should report whether progress is satisfactory or not. If a goal or target has not been achieved, the organization should explain why.

**Guidance to MT-3-c-iv**

Managing impacts is typically an ongoing challenge requiring continuous improvement based on learning.

MT-3-c-iv does not require a detailed description of lessons learned in relation to each material topic; the organization can provide examples to show how it incorporates lessons learned.

For instance, the organization can provide examples of lessons learned that have led to changes in practices, or that have led to plans for such changes, to manage impacts more successfully in the future. Such examples can include a change to a policy, specific training for workers, or additional attention given to the performance of suppliers.

Lessons learned might be derived from the organization’s own activities, its business relationships, or stakeholder or expert feedback.

**Guidance to MT-3-d**

The organization can explain, for example, whether and how affected stakeholders have been involved in determining an appropriate remedy for a negative impact, or how stakeholder feedback is used to assess the effectiveness of the actions taken.
References

The following documents informed the development of this Standard and can be helpful for understanding and applying it.

Authoritative intergovernmental instruments:


Other relevant references:

This glossary includes definitions for terms used in the Universal Standards: GRI 101: Using the GRI Standards, GRI 102: About the Organization and GRI 103: Material Topics. The organization is required to apply these definitions when using the Standards.

The definitions included in this glossary may contain terms that are further defined in the complete GRI Standards Glossary. All defined terms are underlined. If a term is not defined in this glossary or in the complete GRI Standards Glossary, definitions that are commonly used and understood apply.

**annual total compensation [minor edits]**

Compensation provided over the course of a year, including salary, bonus, stock awards, option awards, non-equity incentive plan compensation, change in pension value, and nonqualified deferred compensation earnings.

**business partner [new]**

An entity with which the organization has some form of direct and formal engagement for the purpose of meeting its business objectives.

*Note 1:* Examples of business partners can include affiliates, business-to-business customers, clients, first-tier suppliers (such as a supplier that manufactures the organization’s products), franchisees, joint venture partners, and investee companies in which the organization has a shareholding position. Business partners do not include subsidiaries and affiliates that the organization controls.

*Note 2:* This definition comes from Shift and Mazars LLP, UN Guiding Principles Reporting Framework, 2015.

**business relationships [new]**

Relationships that the organization has with business partners, entities in its value chain including those beyond the first tier, and any other entities directly linked to its operations, products, or services.

*Note 1:* Other entities directly linked to the organization’s operations, products, or services can include, for example, a non-governmental organization together with which the organization delivers support to a local community or State security forces that protect the organization’s facilities.

*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.

**causing a negative impact [new]**

The organization ‘causes’ a negative impact if its activities on their own result in the impact.

*Note:* This definition is based on the Organisation for Economic Co-operation and Development (OECD), OECD Due Diligence Guidance for Responsible Business Conduct, 2018. See Box 2 in GRI 103: Material Topics for more information.

**child [unchanged]**

A person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher.

*Note 1:* Exceptions can occur in certain countries where economies and educational facilities are insufficiently developed and a minimum age of 14 years applies. These countries of exception are
specified by the International Labour Organization (ILO) in response to a special application by the
country concerned and in consultation with representative organizations of employers and workers.

Note 2: The ILO Minimum Age Convention, 1973 (No. 138), refers to both child labor and young
workers.

clawback [revised]

repayment of previously received compensation required to be made by a senior executive or
member of the highest governance body to their employer in the event certain conditions of
employment or goals are not met

collective bargaining [revised]

negotiations between one or more employers or employers’ organizations and one or more
workers’ organizations (trade unions), to determine working conditions and terms of employment
or to regulate relations between employers and workers

Note: This definition is based on the International Labour Organization (ILO), Collective Bargaining
Convention, 1981 (No. 154).

counter of interest [revised]

situation where an individual is confronted with choosing between the requirements of their
function in the organization and their other personal or professional interests or responsibilities

countertributing to a negative impact [new]

The organization ‘contributes to’ a negative impact if its activities, in combination with the activities
of other entities, cause the impact, or if the activities of the organization cause, facilitate, or
incentivize another entity to cause the impact.

Note: This definition comes from the Organisation for Economic Co-operation and Development
(OECD), OECD Due Diligence Guidance for Responsible Business Conduct, 2018. See Box 2 in GRI 103:
Material Topics for more information.

directly linked to a negative impact [new]

The organization’s operations, products, or services are ‘directly linked to’ a negative impact by its
business relationships when a business relationship causes an impact in connection with the
organization’s operations, products, or services, even if the organization has not contributed to the
impact.

Note 1: ‘Direct linkage’ is not defined by the link between the organization and the other entity,
and is therefore not limited to direct contractual relationships, for example ‘direct sourcing’.

Note 2: This definition is based on the Organisation for Economic Co-operation and Development
(OECD), OECD Due Diligence Guidance for Responsible Business Conduct, 2018. See Box 2 in GRI 103:
Material Topics for more information.

due diligence [minor edits]

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

Note: 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
Organisation for Economic Co-operation and Development (OECD), OECD Guidelines for
Multinational Enterprises, 2011. See ‘due diligence’ in Section 2 of GRI 101: Using the GRI Standards.
employee [unchanged]
individual who is in an employment relationship with the organization, according to national law or its application

employment contract [minor edits]
contract as recognized under national law or practice that can be written, verbal, or implicit (i.e., when all the characteristics of employment are present but without a written or witnessed verbal contract)
Permanent or indefinite contract: Contract with an employee, for full-time or part-time work, for an indeterminate period.
Temporary or fixed term contract: Contract with an employee for a limited duration, which ends when the specific time period expires, or when the specific task or event that has an attached time estimate is completed (e.g., the end of a project or return of replaced employees).

employment type [minor edits]
Full-time: A ‘full-time employee’ is an employee whose working hours per week, month, or year are defined according to national law or practice regarding working time.
Part-time: A ‘part-time employee’ is an employee whose working hours per week, month, or year are less than ‘full-time’.

governance body [revised]
formalized group of individuals responsible for the strategic guidance of the organization, the effective monitoring of management, and the accountability of management to the broader organization and its stakeholders

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.

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 administered by the organization either alone or in collaboration with other parties, and which are directly accessible by the organization’s stakeholders.

Note 2: According to UN Guiding Principle 31, effective grievance mechanisms are legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning.

**highest governance body [revised]**

governance body with the highest authority in the organization

**Note:** In some jurisdictions, governance systems consist of two tiers, where supervision and management are separated or where local law provides for a supervisory board drawn from non-executives to oversee an executive management board. In these cases, both tiers are included under the definition of highest governance body.

**impact [revised]**

In the GRI Standards, unless otherwise stated, ‘impact’ refers to the effect the organization has on the economy, environment, and/or people, including on human rights, which in turn can indicate the organization’s contribution (negative or positive) to sustainable development.

**Note:** In the GRI Standards, the term ‘impact’ can refer to:

- actual impacts (those that have already occurred) or potential impacts (those that could occur but have not yet occurred);
- negative impacts or positive impacts;
- short-term impacts or long-term impacts;
- intended impacts or unintended impacts;
- reversible impacts or irreversible impacts.

See ‘impact’ in Section 2 of GRI 101: Using the GRI Standards.

**indigenous peoples [unchanged]**

indigenous peoples are generally identified as:

- tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations;
- peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonization or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural, and political institutions.

**Note:** This definition comes from the International Labour Organization (ILO), Indigenous and Tribal Peoples Convention, 1989 (No. 169).

**internationally recognized human rights [new]**

These rights are understood, at a minimum, to include the rights set out in the International Bill of Human 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: UN instruments elaborate further on the rights of indigenous peoples; women; national or ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families. There are also standards of international humanitarian law that apply in situations of armed conflict, such as the Geneva Conventions of 1949. See the Office of the United Nations High Commissioner for Human Rights’ non-exhaustive list of universal human rights instruments, https://www.ohchr.org/EN/ProfessionalInterest/Pages/UniversalHumanRightsInstruments.aspx, accessed on 6 May 2020.


**local community [revised]**

individuals or groups of individuals living and/or working in areas that are, or could be, affected by the organization’s activities and decisions

Note: The local community can range from individuals living adjacent to the organization’s operations, to those living at a distance who are still likely to be affected by these operations.

**material topic [revised]**

topic that reflects the organization’s most significant impacts on the economy, environment, and people, including impacts on human rights

Note: See Section 2 of GRI 101: Using the GRI Standards and Section 2 of GRI 103: Material Topics for more information.

**mitigation [new]**

action(s) taken to reduce the extent of a negative impact

Note 1: The mitigation of an actual negative impact refers to actions taken to reduce the extent of the negative impact that has occurred, with any residual impact needing remediation. The mitigation of a potential negative impact refers to actions taken to reduce the likelihood of the negative impact occurring.


**product [unchanged]**

article or substance that is offered for sale or is part of a service delivered by the organization

**remediation [new]**

provision of remedy

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

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


reporting period [revised]
specific time period covered by the reported information

Note 1: The reporting period can be, for example, the fiscal year or the calendar year.

Note 2: Unless otherwise stated, the GRI Standards require information for the reporting period.

sector [revised]
subdivision of an economy, society, or sphere of activity, defined on the basis of some common characteristic such as similar or related products or services

Note: Sector types can include classifications such as the public or private sector, as well as industry-specific categories such as the education, technology, or financial sectors.

senior executive [revised]
high-ranking member of the management of the organization, such as the Chief Executive Officer (CEO) or an individual reporting directly to the CEO or the highest governance body

service [unchanged]
action of the organization to meet a demand or need

severity [new]
The severity of an actual or potential negative impact is determined by its scale (i.e., how grave the impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to counteract or make good the resulting harm).

Note 1: Severity is not an absolute concept; the severity of an impact is assessed relative to the other impacts the organization has identified. See Section 2 of GRI 103: Material Topics for more information.


stakeholder [revised]
individual or group that has an interest that is, or could be, affected by the organization’s activities and decisions

Note 1: Common categories of stakeholders for organizations include business partners, civil society organizations, consumers, customers, employees and other workers, governments, local communities, non-governmental organizations, shareholders, suppliers, trade unions, and vulnerable groups. See ‘stakeholder’ in Section 2 of GRI 101: Using the GRI Standards.
Note 2: This definition is based on the Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

**supplier [revised]**

entity in the organization’s supply chain, which provides a product or service that contributes to the organization’s own products or services

**Note 1:** Examples of suppliers include brokers, consultants, contractors, distributors, franchisees, home workers, independent contractors, licensees, manufacturers, primary producers, sub-contractors, and wholesalers.

**Note 2:** A supplier can have a direct business relationship with the organization (often referred to as first-tier supplier) or an indirect business relationship.

**supply chain [revised]**

range of activities carried out by entities upstream in the organization’s value chain, which provide products or services that contribute to the organization’s own products or services

**sustainable development/sustainability [revised notes]**

development that meets the needs of the present without compromising the ability of future generations to meet their own needs

**Note 1:** Sustainable development encompasses broader economic, environmental, and societal interests, rather than the individual interests of organizations.

**Note 2:** In the GRI Standards, the terms ‘sustainability’ and ‘sustainable development’ are used interchangeably.

**Note 3:** This definition comes from the World Commission on Environment and Development, *Our Common Future*, 1987.

**termination payment [minor edits]**

all payments and benefits given to a departing senior executive or member of the highest governance body whose appointment is terminated

**Note:** Termination payments extend beyond monetary payments to giving of property as well as automatic or accelerated vesting of incentives given in connection with a person’s departure from a position.

**under-represented social group [unchanged]**

population that, relative to its numbers in a given society, has less opportunity to express its economic, social, or political needs and views

**Note:** The specific groups included under this definition depend on the organization’s operating context and are not uniform for every organization.

**value chain [revised]**

range of activities carried out by the organization and other entities, which convert input into output by adding value throughout the life cycle of a product or service from conception to end use

**Note:** The value chain includes the organization’s own activities, as well as activities carried out by entities upstream and downstream from the organization in relation to the organization’s products and services. The upstream entities (e.g., suppliers) provide products or services that contribute to
the organization's own products or services. The downstream entities (e.g., distributors, customers) receive products or services from the organization.

**vulnerable group [revised]**

A group of individuals with some specific economic, physical, political, or social condition or characteristic that could experience negative impacts as a result of the organization’s activities and decisions more severely than others.

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

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

**worker [minor edits]**

A person that performs work.

**Note 1:** Workers include, but are not limited to, employees. Further examples of workers include interns, apprentices, self-employed persons, and persons working for organizations other than the reporting organization, e.g., for suppliers.

**Note 2:** In the context of the GRI Standards, in some cases it is specified whether a particular subset of workers is to be used.