



# Item 03 – GRI Universal Standards Project – GRI Universal Standards 2021

## For GSSB approval

<b>Date</b>	10 May 2021
<b>Meeting</b>	10 June 2021
<b>Project</b>	GRI Universal Standards Project
<b>Description</b>	<p>This document presents the revised GRI Universal Standards, for GSSB approval. The GRI Universal Standards are structured as follows:</p> <ul style="list-style-type: none"><li>• <i>GRI 1: Foundation 2021</i> (lines 104-1190)</li><li>• <i>GRI 2: General Disclosures 2021</i> (lines 1191-2899)</li><li>• <i>GRI 3: Material Topics 2021</i> (lines 2900-3994)</li></ul> <p>A summary of the final changes in the Standards compared to the previous version shared with the GSSB over the course of January to April 2021 is presented in the explanatory note at the beginning of the document.</p> <p>This document reflects the final outcome and consensus of the GRI Human Rights Technical Committee deliberations.</p> <p>This document is complemented by Item 04 – GRI Universal Standards Project – Draft GSSB basis for conclusions, which summarizes the significant issues raised by respondents during public comment and the GSSB responses to these.</p> <p><b>Effective date</b></p> <p>As part of this approval, the GSSB is also asked to consider the proposed effective date of 1 January 2023 (see lines 105, 1192, and 2901) for the revised Universal Standards.</p>

This document has been prepared by the GRI Standards Division and is made available to observers at meetings of the Global Sustainability Standards Board (GSSB). 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](http://www.globalreporting.org).

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## 6 Explanatory note

7 The following significant revisions have been made, including based on latest feedback from the  
8 GSSB and the GRI Human Rights Technical Committee:

### 9 GRI 1: Foundation 2021

#### 10 Introduction

- 11 • New section added. See lines 146-286.

#### 12 1. Purpose and system of GRI Standards

- 13 • New section added to explain the purpose and the system of GRI Standards. See lines 165-  
14 286.

#### 15 2. Key concepts

- 16 • Added new guidance under section 2.1 to clarify that the impacts on the economy,  
17 environment, and people are interrelated. See lines 316-320.

#### 18 3. Reporting in accordance with the GRI Standards

- 19 • Revised the description of the 'not applicable' reason for omission in Requirement 6 to clarify  
20 that an organization provides this reason when a disclosure or a requirement in a disclosure  
21 **does not apply** to the organization based on its characteristics (e.g., size, type) but not when  
22 an item **does not exist**. The organization is required to explain in the GRI content index why  
23 the disclosure or the requirement does not apply to the organization. See lines 601-623.
- 24 • Added a clarification in Requirement 6 that when an item specified in a disclosure or in a  
25 requirement in a disclosure (e.g., committee, policy, practice, process) **does not exist**, an  
26 organization can comply with the requirement by reporting this to be the case. It does not  
27 need to provide a reason for omission. The organization can explain the reasons for not  
28 having this item, or describe any plans to develop it. The organization can choose whether to  
29 report this in the GRI content index or in the report itself. See lines 617-623 and A14-A17.
- 30 • Added examples to clarify the difference between the 'not applicable' reason for omission, the  
31 'information unavailable / incomplete' reason for omission, and when an item does not exist.  
32 See lines 603-607, 610-616, and 635-641.
- 33 • Removed from the statement of use the reference to the highest governance body, senior  
34 executive, or group of senior executives who review and approve the reported information, as  
35 such reference goes beyond formulating a statement of use of the GRI Standards. Clarified in  
36 the guidance what it means to claim that an organization has reported in accordance with, or  
37 with reference to, the GRI Standards. Added guidance to clarify that an organization reporting  
38 in accordance with the GRI Standards is required to report whether the highest governance  
39 body is responsible for reviewing and approving the reported information, including the  
40 organization's material topics, under Disclosure 2-14 in *GRI 2: General Disclosures 2021*.  
41 See lines 694-707 and 760-770.
- 42 • Updated the requirements for notifying GRI, for both reporting in accordance with the GRI  
43 Standards and for reporting with reference to the GRI Standards. See lines 708-718 and 771-  
44 781.

### 45 GRI 2: General Disclosures 2021

#### 46 Introduction

- 47 • New section added. See lines 1264-1353.

48 2. Activities and workers

- 49 • Revised requirements ACT-1-b-ii and ACT-1-b-iii for clarity. See lines 1513-1514.
- 50 • Revised guidance for requirement ACT-2-a to remove the reference to gender diversity. See  
51 lines 1620-1621.
- 52 • Revised guidance for Disclosure ACT-3 to clarify how organizations should report on workers  
53 who are not employees. See lines 1720-1725.

54 3. Governance

- 55 • Revised the introduction to the full section to clarify the purpose and relevance of governance  
56 reporting to sustainability. See lines 1776-1788.
- 57 • Removed the following requirement from Disclosure 2-12: ‘the role of any committees of the  
58 highest governance body that have specific responsibilities in relation to these processes’  
59 (i.e., the organization’s due diligence and other processes to identify and manage the  
60 organization’s impacts on the economy, environment, and people). This requirement was  
61 repetitive of requirement 2-9-b: ‘list the committees of the highest governance body that are  
62 responsible for decision-making on and overseeing the management of the organization’s  
63 impacts on the economy, environment, and people’. See lines 1793-1795 and 1852-1866.
- 64 • Revised Disclosure 2-14 to clarify the responsibility of the highest governance body with  
65 respect to reviewing and approving the reported information, including the organization’s  
66 material topics. Added a new requirement for the organization to explain the reason for the  
67 highest governance body not being responsible for reviewing and approving the reported  
68 information, in situations where this is the case. See lines 1890-1899.

69 4. Strategy, policies and practices

- 70 • Revised Disclosure 2-25 to make clear the difference between ‘grievance mechanisms’ and  
71 ‘other remediation processes’. The title of the disclosure has been changed to ‘Processes to  
72 remediate negative impacts’. See lines 2373-2376 and 2288.
- 73 • Revised requirement 2-27-a to report a breakdown of the total number of significant instances  
74 of non-compliance with laws and regulations by instances for which fines were incurred and  
75 instances for which non-monetary sanctions were incurred, to distinguish between the two.  
76 See lines 2458-2461.
- 77 • Clarified in guidance to requirement 2-27-a that the scope of the disclosure includes fines that  
78 are being appealed. See lines 2486-2487 and 2492-2494.
- 79 • Clarified in guidance to Disclosure 2-27-a that non-monetary sanctions can include directives  
80 to cease or remediate an unlawful activity. See lines 2488-2491.

81 **GRI 3: Material Topics 2021**

82 Introduction

- 83 • New section added. See lines 2946-3024.

84 1. Guidance to determine material topics

- 85 • Added new guidance for Step 1. Understand the organization’s context, to clarify the  
86 recommended scope for the process of determining material topics. See lines 3079-3081.
- 87 • Added new Box 5 at the end of section 1, on using the GRI Sector Standards to determine  
88 material topics. This box includes the guidance which was previously located under  
89 Disclosure 3-2. See lines 3425-3457.

90 2. Disclosures on material topics

- 91 • Moved the recommendation for the organization to explain – in the absence of applicable  
92 Sector Standards – how it has considered impacts commonly associated with its sectors, and  
93 whether and why any of these impacts have been determined as not material, from

94 Disclosure 3-2 to the beginning of the guidance section for Disclosure 3-1. See lines 3483-  
95 3488.

## 96 **Glossary terms**

97 • Reinstated the reference to sustainable development in the definition of 'impact'. See lines  
98 1088-1091.

99 • Reinstated the definition of 'severity (of impacts)'. While this term is not used in the  
100 requirements, the concept is central to the determination of materiality and easy to  
101 misunderstand. See lines 1123-1130.

102 Other editorial revisions have been made to the text to improve clarity and consistency with the GRI  
103 Style Guide.

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104 **GRI 1: Foundation 2021**

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105 **EFFECTIVE DATE: 1 JANUARY 2023**

106 **UNIVERSAL STANDARD**

# GRI 1: Foundation 2021

## UNIVERSAL STANDARD

### Effective date

This Standard is effective for reports or other materials published on or after **1 January 2023**. Earlier adoption is encouraged.

### Responsibility

This Standard is issued by the Global Sustainability Standards Board (GSSB). Any feedback on the GRI Standards can be submitted to [???@globalreporting.org](mailto:???@globalreporting.org) for the consideration of the GSSB.

### Legal liability

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ISBN **978-90-8866-NNN-N**

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# 146 Introduction

147 *GRI 1: Foundation 2021* introduces the purpose and system of the GRI Sustainability Reporting  
148 Standards (GRI Standards) and explains key concepts for sustainability reporting. It also specifies the  
149 requirements and reporting principles that organizations must comply with to report in accordance  
150 with the GRI Standards. *GRI 1* is the first Standard that organizations should consult to understand  
151 how to report using the GRI Standards.

152 *GRI 1* is structured as follows:

- 153 • [Section 1](#) introduces the purpose and the system of the GRI Standards.
- 154 • [Section 2](#) explains the key concepts that are used throughout the GRI Standards.
- 155 • [Section 3](#) specifies the requirements for reporting in accordance with the GRI Standards.
- 156 • [Section 4](#) specifies the reporting principles, which are fundamental to ensuring the quality of  
157 the reported information.
- 158 • [Section 5](#) presents recommendations for the organization to align its sustainability reporting  
159 with other types of reporting and to enhance the credibility of its sustainability reporting.
- 160 • The [Appendixes](#) provide guidance on how to prepare a GRI content index.
- 161 • The [Glossary](#) contains defined terms with a specific meaning when used in the GRI  
162 Standards.
- 163 • The [Bibliography](#) lists authoritative intergovernmental instruments used in developing this  
164 Standard.

## 165 1. Purpose and system of GRI 166 Standards

### 167 1.1 Purpose of the GRI Standards

168 Organizations, through their activities and business relationships, can have an effect on the economy,  
169 environment, and people, and in turn make negative or positive contributions to sustainable  
170 development. Sustainable development refers to 'development which meets the needs of the present  
171 without compromising the ability of future generations to meet their own needs' [8]. The objective of  
172 sustainability reporting using the GRI Sustainability Reporting Standards (GRI Standards) is to  
173 provide transparency on how an organization contributes or aims to contribute to sustainable  
174 development.

175 The GRI Standards enable an organization to publicly disclose its most significant impacts on the  
176 economy, environment, and people, including impacts on their human rights, and how the  
177 organization manages these impacts. This enhances transparency on the organization's impacts and  
178 increases organizational accountability.

179 The Standards contain disclosures that allow an organization to report information about its impacts in  
180 a consistent and credible way. This enhances the global comparability and quality of reported  
181 information on these impacts, which supports information users in making informed assessments and  
182 decisions about the organization's impacts and contribution to sustainable development.

183 The GRI Standards are based on expectations for responsible business conduct set out in  
184 authoritative intergovernmental instruments, such as the *Organisation for Economic Co-operation and*

185 *Development (OECD) Guidelines for Multinational Enterprises [3]* and the *United Nations (UN)*  
186 *Guiding Principles on Business and Human Rights [5]* (see the Bibliographies of the GRI Standards  
187 for a list of authoritative instruments used in developing the GRI Standards). Information reported  
188 using the GRI Standards can help users assess whether an organization meets the expectations set  
189 out in these instruments. It is important to note that the GRI Standards do not set allocations,  
190 thresholds, goals, targets, or any other benchmarks for good or bad performance.

## 191 **1.2 Users**

192 The GRI Standards can be used by any organization – regardless of size, type, geographic location,  
193 or reporting experience – to report information about its impacts on the economy, environment, and  
194 people, including impacts on their human rights.

195 The reported information can be used by the organization in its decision-making, for example, when  
196 setting goals and targets, or when assessing and implementing its policies and practices.

197 Stakeholders and other information users can use the GRI Standards to understand what  
198 organizations are expected to report about. Stakeholders can also make use of an organization's  
199 reported information to assess how they are affected or how they could be affected by the  
200 organization's activities.

201 Investors, in particular, can use the reported information to assess an organization's impacts and how  
202 it integrates sustainable development in its business strategy and model. They can also use this  
203 information to identify financial risks and opportunities related to the organization's impacts and to  
204 assess its long-term success. Users other than the organization's stakeholders, such as academics  
205 and analysts, can also use the reported information for purposes such as research or benchmarking.

206 The term 'information users' in the GRI Standards refers to all these diverse users of the  
207 organization's reported information.

## 208 **1.3 System of GRI Standards**

209 The GRI Standards are structured as a system of interrelated standards that are organized into three  
210 series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see [Figure 1](#) in  
211 this Standard). The Universal Standards are used by all organizations when reporting in accordance  
212 with the GRI Standards. The Sector Standards are used by organizations according to the sectors in  
213 which they operate, and the Topic Standards are used by each organization according to its list of  
214 material topics.

### 215 **Universal Standards: GRI 1, GRI 2 and GRI 3**

216 An organization begins by consulting *GRI 1: Foundation 2021*. *GRI 1* introduces the purpose and  
217 system of GRI Standards and explains key concepts for sustainability reporting. It also specifies the  
218 requirements and reporting principles that the organization must comply with to report in accordance  
219 with the GRI Standards.

220 [GRI 2: General Disclosures 2021](#) contains disclosures that the organization uses to provide  
221 information about its reporting practices and other organizational details, such as its activities,  
222 governance, and policies. This information gives insight into the profile and scale of the organization  
223 and provides a context for understanding the organization's impacts.

224 [GRI 3: Material Topics 2021](#) provides step-by-step guidance on how to determine material topics. *GRI*  
225 *3* also contains disclosures that the organization uses to report information about its process of  
226 determining material topics, its list of material topics, and how it manages each topic.

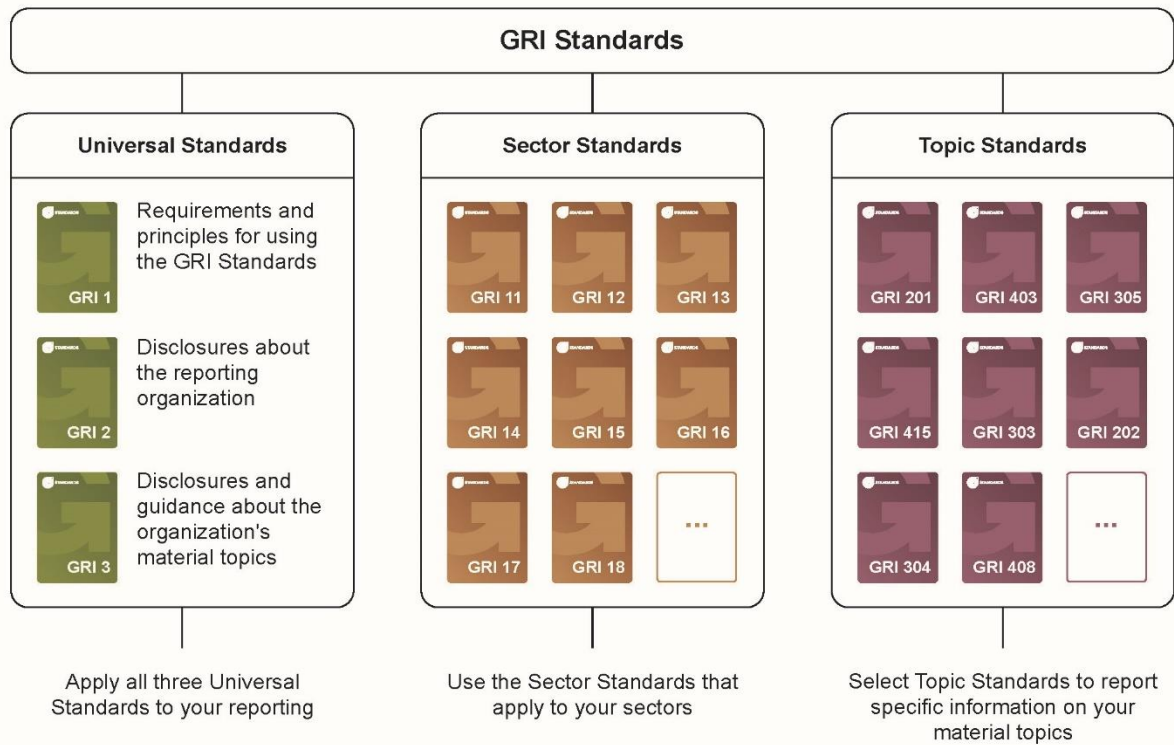
### 227 **Sector Standards**

228 The Sector Standards provide information for organizations about their likely material topics. The  
229 organization uses the Sector Standards that apply to its sectors when determining its material topics,  
230 and when determining what information to report for the material topics.

231 **Topic Standards**

232 The Topic Standards contain disclosures for the organization to report information about its impacts in  
233 relation to particular topics. The Topic Standards cover a wide range of topics. The organization uses  
234 the Topic Standards according to the list of material topics it has determined using *GRI 3*.

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



236 **1.4 Using the GRI Standards**

237 All disclosures in the GRI Standards contain requirements. The requirements list information that an  
238 organization must report or provide instructions that the organization must comply with to report in  
239 accordance with the GRI Standards.

240 If the organization cannot comply with a disclosure or with a requirement in a disclosure for which  
241 reasons for omission are permitted (e.g., because the required information is confidential or subject to  
242 legal prohibitions), the organization is required to specify the disclosure or the requirement it cannot  
243 comply with, and provide a reason for omission together with an explanation in the GRI content index.  
244 See [Requirement 6](#) in this Standard for more information on reasons for omission.

245 If the organization cannot report the required information about an item specified in a disclosure  
246 because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the  
247 requirement by reporting this to be the case. The organization can explain the reasons for not having  
248 this item, or describe any plans to develop it. The disclosure does not require the organization to  
249 implement the item (e.g., developing a policy), but to report that the item does not exist.

250 **Requirements, guidance and defined terms**

251 The following apply throughout the GRI Standards:

252 Requirements are presented in **bold font** and indicated by the word 'shall'. An organization must  
253 comply with requirements to report in accordance with the GRI Standards.

254 Requirements may be accompanied by guidance.

255 Guidance includes background information, explanations, and examples to help the organization  
256 better understand the requirements. The organization is not required to comply with guidance.

257 The Standards may also include recommendations. These are cases where a particular course of  
258 action is encouraged but not required.

259 The word 'should' indicates a recommendation, and the word 'can' indicates a possibility or option.

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

262 **Reporting format**

263 The term 'sustainability reporting', in the GRI Standards, refers to the process of reporting, which  
264 starts with an organization determining its material topics based on its most significant impacts, and  
265 results in the organization publicly reporting information about these impacts.

266 The organization can publish or make information accessible in a range of formats (e.g., electronic,  
267 paper-based) across one or more locations (e.g., a standalone sustainability report, web pages, an  
268 annual report). The terms 'report' and 'reported information' in the GRI Standards both refer to  
269 information reported across all locations.

270 The GRI content index provides an overview of the organization's reported information and shows the  
271 location where information users can find it. The content index also shows which GRI Standards and  
272 disclosures the organization has used.

273 If the organization intends to publish a standalone sustainability report, it does not need to repeat  
274 information that it has already reported publicly elsewhere, such as on web pages or in its annual  
275 report. In such a case, the organization can report a required disclosure by providing a reference in  
276 the GRI content index as to where this information can be found (e.g., by providing a link to the web  
277 page or citing the page in the annual report where the information has been published).

278 **Effective date**

279 All GRI Standards have an effective date. This is the date from when the information published by an  
280 organization must make use of a particular GRI Standard. All information published after the effective  
281 date of a Standard must make use of that Standard.

282 For example, *GRI 1: Foundation 2021* has an effective date of 1 January 2023. This means that the  
283 organization must make use of *GRI 1* for the information it publishes on or after 1 January 2013.

284 Effective dates are set keeping in mind that organizations may need time to adopt a new or revised  
285 Standard. Adoption of a Standard before its effective date is encouraged, as this allows the  
286 organization to report according to best practice.

## 287 **2. Key concepts**

288 This section explains the concepts that lay the foundation for sustainability reporting. Understanding  
289 how these concepts are applied in the GRI Standards is essential for those who collect and prepare  
290 information for reporting, as well as for those who interpret information that is reported using the  
291 Standards.

292 The key concepts covered in this section are: impact, material topic, due diligence, and stakeholder.  
293 The purpose of the Standards is to enable organizations to report information about their most  
294 significant impacts on the economy, environment, and people, including impacts on their human rights  
295 – in the GRI Standards these are referred to as material topics. Due diligence and stakeholder  
296 engagement help organizations identify their most significant impacts.

### 297 **2.1 Impact**

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

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

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

309 The organization's impacts on people refer to the impacts on individuals and on groups, such as  
310 communities, vulnerable groups, or society more generally. This includes the impacts the organization  
311 has on people's human rights. An organization can have an impact on people through, for example,  
312 its employment practices (e.g., the wages it pays to employees), its supply chain (e.g., the working  
313 conditions of workers of suppliers), and its products and services (e.g., their safety or accessibility).  
314 Individuals or groups that have interests that are affected or could be affected by the organization's  
315 activities are referred to as stakeholders (see [section 2.4](#) in this Standard for more information).

316 The impacts on the economy, environment, and people are interrelated. For example, an  
317 organization's impacts on the economy and environment can result in impacts on people and their  
318 human rights. Similarly, an organization's positive impacts can result in negative impacts, and vice  
319 versa. For example, an organization's positive impacts on the environment can lead to negative  
320 impacts on people and their human rights.

### 321 **2.2 Material topic**

322 An organization may identify many impacts on which to report. When using the GRI Standards, the  
323 organization prioritizes reporting on those topics that represent its most significant impacts on the  
324 economy, environment, and people, including impacts on their human rights. In the GRI Standards,  
325 these are the organization's material topics.

326 Examples of material topics are anti-corruption, occupational health and safety, or water and  
327 effluents. A topic need not be limited to only impacts on the economy, or the environment, or people;  
328 it can cover impacts across all three dimensions. For example, an organization might determine that  
329 'water and effluents' is a material topic, based on the impacts its water use has on ecosystems, as  
330 well as on local communities' access to water. The GRI Standards group impacts into topics, like  
331 'water and effluents', to help organizations report in a cohesive way about multiple impacts that relate  
332 to the same topic.

333 The process of determining material topics is informed by the organization's ongoing identification and  
334 assessment of impacts. The ongoing identification and assessment of impacts involves engaging with  
335 relevant stakeholders and experts and it is conducted independently of the sustainability reporting  
336 process. See [section 1 in GRI 3: Material Topics 2021](#) for more information on determining material  
337 topics.

### 338 **Box 1. Sustainability reporting and financial and value creation reporting**

339 The GRI Standards enable organizations to report information about the most significant impacts of  
340 their activities and business relationships on the economy, environment, and people, including  
341 impacts on people's human rights. Such impacts are of primary importance to sustainable  
342 development and to organizations' stakeholders, and they are the focus of sustainability reporting.

343 The impacts of an organization's activities and business relationships on the economy, environment,  
344 and people can have negative and positive consequences for the organization itself. These  
345 consequences can be operational or reputational, and therefore in many cases financial. For  
346 example, an organization's high use of non-renewable energy contributes to climate change and  
347 could, at the same time, result in increased operating costs for the organization due to legislation that  
348 seeks to shift energy use toward renewable sources.

349 Even if not financially material at the time of reporting, most, if not all, of the impacts of an  
350 organization's activities and business relationships on the economy, environment, and people will  
351 eventually become financially material issues. The impacts are therefore also important for those  
352 interested in the financial performance and long-term success of the organization. Understanding  
353 these impacts is a necessary first step in determining related financially material issues for the  
354 organization.

355 Sustainability reporting is therefore crucial for financial and value creation reporting. Information made  
356 available through sustainability reporting provides input for identifying financial risks and opportunities  
357 related to the organization's impacts and for financial valuation. This in turn helps making financial  
358 materiality judgments about what to recognize in financial statements.

359 While the impacts of the organization's activities and business relationships on the economy,  
360 environment, and people may become financially material, sustainability reporting is also highly  
361 relevant in its own right as a public interest activity. Sustainability reporting is independent of the  
362 consideration of financial implications. It is therefore important for the organization to report on all the  
363 material topics that it has determined using the GRI Standards. These material topics cannot be  
364 deprioritized on the basis of not being considered financially material by the organization.

## 365 **2.3 Due diligence**

366 In the GRI Standards, due diligence refers to the process through which an organization identifies,  
367 prevents, mitigates, and accounts for how it addresses its actual and potential negative impacts on  
368 the economy, environment, and people, including impacts on their human rights. The organization  
369 should address potential negative impacts through prevention or mitigation. It should address actual  
370 negative impacts through remediation, in cases where the organization identifies it has caused or  
371 contributed to those impacts.

372 The way the organization is involved with negative impacts (i.e., whether it causes or contributes to  
373 the impacts, or whether the impacts are directly linked by its business relationships) determines how  
374 the organization should address the impacts. It also determines whether the organization has a  
375 responsibility to provide for or cooperate in the remediation of the impacts. The organization should:

- 376 • avoid causing or contributing to negative impacts through its own activities, and address such  
377 impacts when they occur by providing for or cooperating in their remediation through  
378 legitimate processes;
- 379 • in the case of negative impacts that are directly linked to the organization's operations,  
380 products, or services by its business relationships, seek to prevent or mitigate these impacts  
381 even if it has not contributed to them. The organization is not responsible for providing for or  
382 cooperating in the remediation of these impacts, but it can play a role in doing so.

383 If it is not feasible to address all identified impacts on the economy, environment, and people at once,  
384 the organization should prioritize the order in which it addresses potential negative impacts based on  
385 their severity and likelihood. In the case of potential negative human rights impacts, the severity of the  
386 impact takes precedence over its likelihood. See [section 1 in GRI 3: Material Topics 2021](#) for more  
387 information.

388 Due diligence is elaborated by the *United Nations (UN) Guiding Principles on Business and Human*  
389 *Rights* [5], the *Organisation for Economic Co-operation and Development (OECD) Guidelines for*  
390 *Multinational Enterprises* [3], and the *OECD Due Diligence Guidance for Responsible Business*  
391 *Conduct* [2].

## 392 **2.4 Stakeholder**

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

398 In the GRI Standards, an interest (or 'stake') is something of value to an individual or group, which  
399 can be affected by the activities of an organization. Stakeholders can have more than one interest.  
400 Not all interests are of equal importance and they do not all need to be treated equally. Human rights  
401 have a particular status as an entitlement of all people under international law. The most acute  
402 impacts the organization can have on people are those that negatively affect their human rights. The  
403 term 'rightsholders' is used to refer to stakeholders whose individual human rights or collective rights  
404 (held by groups such as indigenous peoples) are or could be affected.

405 Stakeholder interests can be negatively or positively affected by the organization's activities. Due  
406 diligence focuses on identifying stakeholder interests that are or could be negatively affected by the  
407 organization's activities.

408 Stakeholders may not always have a direct relationship with the organization. For example, the  
409 workers in the organization's supply chain can also be its stakeholders, or there can be individuals or  
410 groups living at a distance from the organization's operations who can be affected or potentially  
411 affected by these operations. They may not be aware that they are stakeholders of that particular  
412 organization, especially if they have not yet been affected by its activities. The organization should  
413 identify the interests of these and other stakeholders who are unable to articulate their views (e.g.,  
414 future generations).

415 Engaging with stakeholders helps the organization identify and manage its negative and positive  
416 impacts. Not all stakeholders will be affected by all activities of the organization. The organization  
417 should identify the stakeholders whose interests have to be taken into account in connection with a  
418 specific activity (i.e., 'relevant stakeholders').

419 Where it is not possible to engage with all relevant stakeholders directly, the organization can engage  
420 with credible stakeholder representatives or proxy organizations (e.g., non-governmental  
421 organizations, trade unions).

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

425 Sometimes it is necessary to distinguish between stakeholders whose interests have been affected  
426 (i.e., 'affected stakeholders'), and those whose interests have not yet been affected but could  
427 potentially be affected (i.e., 'potentially affected stakeholders'). This distinction is important in due  
428 diligence. For example, if an organization's activity leads to a safety hazard, workers who are injured  
429 because of the hazard are affected stakeholders, and workers who have not yet been injured but who  
430 are exposed to the hazard and could be injured are potentially affected stakeholders. The distinction  
431 between affected and potentially affected stakeholders helps identify which workers should receive  
432 remedy.

433 See reference [2] in the Bibliography.

# 3. Reporting in accordance with the GRI Standards

Reporting in accordance with the GRI Standards enables an organization to provide a comprehensive picture of its most significant impacts on the economy, environment, and people, including impacts on their human rights, and how it manages these impacts. This allows information users to make informed assessments and decisions about the organization’s impacts and its contribution to sustainable development.

The organization must comply with all nine requirements in this section to report in accordance with the GRI Standards.

## Overview of in accordance requirements

Requirement 1: Apply the reporting principles

Requirement 2: Report the disclosures in GRI 2: General Disclosures 2021

Requirement 3: Determine material topics

Requirement 4: Report the disclosures in GRI 3: Material Topics 2021

Requirement 5: Report disclosures from the GRI Topic Standards for each material topic

Requirement 6: Provide reasons for omission for disclosures and requirements that the organization cannot comply with

Requirement 7: Publish a GRI content index

Requirement 8: Provide a statement of use

Requirement 9: Notify GRI

If the organization does not comply with all nine requirements, it cannot claim that it has prepared the reported information in accordance with the GRI Standards. In such a case, the organization may be able to claim that it has prepared the reported information with reference to the GRI Standards, provided it complies with the requirements specified in [‘Reporting with reference to the GRI Standards’](#) at the end of this section.

## Requirement 1: Apply the reporting principles

a. The organization shall apply all the reporting principles specified in [section 4 of GRI 1: Foundation 2021](#).

## Requirement 2: Report the disclosures in GRI 2: General Disclosures 2021

a. The organization shall report all disclosures in [GRI 2: General Disclosures 2021](#).

### Guidance

Reasons for omission are permitted for all disclosures in [GRI 2](#) except for:

- Disclosure 2-1 Organizational details
- Disclosure 2-2 Entities included in the organization’s sustainability reporting



- 459 • Disclosure 2-3 Reporting period, frequency and contact point
- 460 • Disclosure 2-4 Restatements of information
- 461 • Disclosure 2-5 External assurance

462 If the organization cannot comply with a disclosure or with a requirement in a disclosure for which  
463 reasons for omission are permitted, the organization is required to specify in the GRI content index  
464 the disclosure or the requirement it cannot comply with, and to provide a reason for omission and an  
465 explanation. See [Requirement 6](#) in this Standard for more information on reasons for omission.

## 466 **Requirement 3: Determine material topics**

467 **The organization shall:**

468 **a. determine its material topics;**

469 **b. review the GRI Sector Standard(s) that apply to its sector(s) and:**

470 **i. determine whether each topic in the applicable Sector Standard(s) is a material**  
471 **topic for the organization;**

472 **ii. list in the GRI content index any topics from the applicable Sector Standard(s) that**  
473 **the organization has determined as not material and explain why they are not**  
474 **material.**

### 475 **Guidance**

476 See [section 1 in GRI 3: Material Topics 2021](#) for guidance on how to determine material topics.

477 The organization is required to determine its material topics based on its specific circumstances.

478 Using the GRI Sector Standards supports the organization in this process. The Sector Standards  
479 provide information for organizations about their likely material topics.

480 The organization is required to use the applicable Sector Standards when determining its material  
481 topics.

### 482 **Guidance to 3-b**

483 The organization is required to comply with Requirement 3-b only if GRI Sector Standards that apply  
484 to its sectors are available.

485 The organization is required to review each topic described in the applicable Sector Standards and  
486 determine whether it is a material topic for the organization. If any of the topics that are included in the  
487 applicable Sector Standards have been determined by the organization as not material, the  
488 organization is required to list them in the GRI content index and explain why they are not material.  
489 See [Requirement 7](#) in this Standard for more information on the content index.

490 See [section 1 in GRI 3](#) and the GRI Sector Standards for guidance on how to use the Sector  
491 Standards to determine material topics.

## 492 **Requirement 4: Report the disclosures in GRI 3: Material Topics** 493 **2021**

494 **The organization shall:**

495 **a. report its process of determining material topics using [Disclosure 3-1](#);**

496 **b. report a list of its material topics using [Disclosure 3-2](#);**

497 c. report how it manages each material topic using [Disclosure 3-3](#).

498 **Guidance**

499 Reasons for omission are only permitted for [Disclosure 3-3 Management of material topics in GRI 3](#).

500 If the organization cannot comply with Disclosure 3-3 or with a requirement in Disclosure 3-3, the  
501 organization is required to specify this in the GRI content index, and to provide a reason for omission  
502 and an explanation. See [Requirement 6](#) in this Standard for more information on reasons for  
503 omission.

504 **Requirement 5: Report disclosures from the GRI Topic Standards**  
505 **for each material topic**

506 **The organization shall:**

507 a. report disclosures from the GRI Topic Standards for each material topic;

508 b. for each material topic covered in the applicable GRI Sector Standard(s), either:

509 i. report the disclosures from the GRI Topic Standards listed for that topic in the  
510 Sector Standard(s), or;

511 ii. provide the 'not applicable' reason for omission and the required explanation in the  
512 GRI content index.

513 **Guidance**

514 **Guidance to 5-a**

515 For each material topic, the organization needs to identify disclosures from the GRI Topic Standards  
516 to report. The organization is required to report only those disclosures that are relevant to its impacts  
517 in relation to a material topic. The organization is not required to report disclosures that are not  
518 relevant.

519 There is no requirement for a minimum number of disclosures to report from the Topic Standards. The  
520 number of disclosures that the organization reports is based on the organization's assessment of  
521 which disclosures are relevant to its impacts in relation to a material topic.

522 The organization may need to use more than one Topic Standard to report on a material topic. In  
523 addition, not all disclosures in a Topic Standard may be relevant for the organization to report. For  
524 example, an organization identifies pay equality as a material topic. The organization determines that  
525 the following disclosures are relevant to report on the topic: [Disclosure 202-1 Ratios of standard entry](#)  
526 [level wage by gender compared to local minimum wage](#) in *GRI 202: Market Presence 2016*, and  
527 [Disclosure 405-2 Ratio of basic salary and remuneration of women to men](#) in *GRI 405: Diversity and*  
528 *Equal Opportunity 2016*. The organization is not required to report other disclosures from these  
529 Standards (e.g., [Disclosure 202-2 Proportion of senior management hired from the local community](#) in  
530 *GRI 202*), as these disclosures do not address the topic of pay equality.

531 When a material topic is covered in the applicable GRI Sector Standards, the organization uses the  
532 Sector Standards to identify disclosures to report. See [Requirement 5-b](#) in this Standard for more  
533 information.

534 Reasons for omission are permitted for all disclosures from the Topic Standards. If the organization  
535 cannot comply with a disclosure or with a requirement in a disclosure, the organization is required to  
536 specify in the GRI content index the disclosure or the requirement it cannot comply with, and to  
537 provide a reason for omission and an explanation. See [Requirement 6](#) in this Standard for more  
538 information on reasons for omission.

539 The organization should provide sufficient information about its impacts in relation to each material  
540 topic, so that information users can make informed assessments and decisions about the  
541 organization. If the disclosures from the Topic Standards do not provide sufficient information about

542 the organization's impacts, then the organization should report additional disclosures. These can  
543 include the additional sector disclosures recommended in the GRI Sector Standards, disclosures from  
544 other sources, or disclosures developed by the organization itself.

545 Disclosures that the organization reports from other sources, or that are developed by the  
546 organization itself, should have the same rigor as disclosures from the GRI Standards, and they  
547 should align with expectations set out in authoritative intergovernmental instruments.

548 Reporting on material topics not covered in the GRI Topic Standards

549 When the organization's material topic is not covered by the disclosures in the GRI Topic Standards,  
550 the organization is required to report how it manages the material topic, using [Disclosure 3-3 in GRI 3:  
551 Material Topics 2021](#). See [Requirement 4-c](#) in this Standard for more information.

552 In addition to reporting Disclosure 3-3, the organization should report other disclosures for that topic.  
553 These can include the additional sector disclosures recommended in the GRI Sector Standards,  
554 disclosures from other sources, or disclosures developed by the organization itself.

555 For example, an organization identifies freedom of speech as a material topic. As there is no Topic  
556 Standard that covers this topic, the organization should report disclosures from other sources or  
557 develop its own disclosures to report on the topic. The organization is still required to report how it  
558 manages the topic of freedom of speech, using [Disclosure 3-3 in GRI 3](#).

559 **Guidance to 5-b**

560 The organization is required to comply with Requirement 5-b only if GRI Sector Standards that apply  
561 to its sectors are available. The Sector Standards provide information for organizations about their  
562 likely material topics.

563 The organization is required to review each topic described in the applicable Sector Standards and  
564 determine whether it is a material topic for the organization.

565 If the organization determines a topic in an applicable Sector Standard to be material, the Sector  
566 Standard helps the organization identify disclosures to report information about its impacts in relation  
567 to that topic. For each likely material topic, the Sector Standards list disclosures from the GRI Topic  
568 Standards for organizations to report. If any of the Topic Standards disclosures listed in the Sector  
569 Standards are not relevant to the organization's impacts, the organization is not required to report  
570 these. However, the organization is required to list these disclosures in the GRI content index and  
571 provide 'not applicable' as the reason for omission for not reporting the disclosures. The organization  
572 is also required to explain in brief why the disclosures are not relevant to its impacts in relation to the  
573 material topic. See [Requirement 6](#) in this Standard for more information on reasons for omission.

574 Note that when reporting the Topic Standards disclosures listed in the Sector Standards, the  
575 organization can still use any of the four reasons for omission included in [Table 2](#) of this Standard if it  
576 cannot comply with the disclosure or with a requirement in the disclosure.

577 Besides the disclosures from the Topic Standards, the Sector Standards may list additional sector  
578 disclosures for organizations to report. Reporting these additional sector disclosures is a  
579 recommendation. The organization is not required to provide a reason for omission for the additional  
580 sector disclosures it does not report.

581 **Requirement 6: Provide reasons for omission for disclosures and**  
 582 **requirements that the organization cannot comply with**

583 a. If the organization cannot comply with a disclosure or with a requirement in a disclosure  
 584 for which reasons for omission are permitted, the organization shall in the GRI content  
 585 index:

- 586 i. specify the disclosure or the requirement it cannot comply with;
- 587 ii. provide one of the four reasons for omission included in Table 2 and the required  
 588 explanation for that reason.

589 **Table 2. Permitted reasons for omission and required explanations**

Reason for omission	Required explanation
Not applicable	Explain why the disclosure or the requirement is considered not applicable.
Legal prohibitions	Describe the specific legal prohibitions.
Confidentiality constraints	Describe the specific confidentiality constraints.
Information unavailable / incomplete	Specify which information is unavailable or incomplete. When the information is incomplete, specify which part is missing (e.g., specify the entities for which the information is missing).  Explain why the required information is unavailable or incomplete.  Describe the steps being taken, and the expected time frame, to obtain the information.

590 **Guidance**

591 Reasons for omission are permitted for all disclosures from the GRI Standards except for:

- 592 • Disclosure 2-1 Organizational details
- 593 • Disclosure 2-2 Entities included in the organization’s sustainability reporting
- 594 • Disclosure 2-3 Reporting period, frequency and contact point
- 595 • Disclosure 2-4 Restatements of information
- 596 • Disclosure 2-5 External assurance
- 597 • Disclosure 3-1 Process to determine material topics
- 598 • Disclosure 3-2 List of material topics

599 The organization is only permitted to provide one of the four reasons for omission included in [Table 2](#)  
 600 of this Standard:

- 601 • **Not applicable** – The organization provides ‘not applicable’ as the reason for omission in the  
 602 following situations:
  - 603 – When a disclosure or a requirement in a disclosure does not apply to the organization  
 604 based on its characteristics (e.g., size, type). For example, [2-15-b-iii in GRI 2: General](#)  
 605 [Disclosures 2021](#) requires the organization to report whether conflicts of interest relating  
 606 to existence of controlling shareholders are disclosed to stakeholders. This requirement  
 607 does not apply to organizations that do not have shareholders (e.g., foundations).

608 In such cases, the organization is required to explain why the disclosure or the  
609 requirement does not apply to the organization.

610 However, there may be cases where a disclosure or a requirement in a disclosure applies  
611 to the organization, but the organization does not have in place the item specified in the  
612 disclosure or in the requirement (e.g., committee, policy, practice, process). For example,  
613 [2-23-b in GRI 2](#) requires the organization to describe its policy commitment to respect  
614 human rights. This expectation applies to every organization. All organizations are  
615 expected to have a policy commitment to respect human rights, but not every  
616 organization may have developed such a policy commitment yet.

617 If the organization cannot report the required information about an item specified in a  
618 disclosure because the item (e.g., committee, policy, practice, process) does not exist, it  
619 can comply with the requirement by reporting this to be the case. It does not need to  
620 provide the 'not applicable' reason for omission. In such cases, the organization can  
621 explain the reasons for not having this item or describe any plans to develop it. The  
622 disclosure does not require the organization to implement the item (e.g., developing a  
623 policy), but to report that the item does not exist.

624 – When a disclosure from the GRI Topic Standards that is listed in the applicable GRI  
625 Sector Standards is not relevant to the organization's impacts in relation to a material  
626 topic.

627 In such cases, the organization is required to explain why the disclosure is not relevant to  
628 its impacts in relation to the material topic.

629 • **Legal prohibitions** – The organization provides 'legal prohibitions' as the reason for omission  
630 when the law forbids collecting the required information or reporting it publicly.

631 • **Confidentiality constraints** – There may be cases where the law does not forbid collecting  
632 or reporting the required information, but the organization considers the information  
633 confidential and cannot report it publicly. In such cases, the organization provides  
634 'confidentiality constraints' as the reason for omission.

635 • **Information unavailable / incomplete** – There may be cases where the organization has the  
636 item specified in a disclosure or in a requirement in a disclosure, but the information about the  
637 item is unavailable or incomplete. In such cases, the organization provides 'information  
638 unavailable / incomplete' as the reason for omission. For example, information is unavailable  
639 for [Disclosure 305-3 in GRI 305: Emissions 2016](#) when the organization has other indirect  
640 (Scope 3) greenhouse gas (GHG) emissions, but it has not collected data on its other indirect  
641 (Scope 3) GHG emissions yet.

642 When the organization cannot report part of the required information it means the information  
643 is incomplete. When the reported information does not cover the complete scope of  
644 information required by a disclosure (e.g., the information is missing for certain entities, sites,  
645 geographic locations), the organization is required to provide 'information unavailable /  
646 incomplete' as the reason for omission, and to specify the entities, sites, geographic locations,  
647 etc., for which the required information is missing and cannot be reported.

648 The required information, or part of the required information, can be unavailable when, for  
649 example, it cannot be obtained or is not of adequate quality to report. This may be the case  
650 when the information is collected from another organization, such as a supplier.

651 The reasons 'confidentiality constraints' and 'information unavailable / incomplete' should only be  
652 used in exceptional cases. Using 'confidentiality constraints' and 'information unavailable / incomplete'  
653 frequently as reasons for omitting information reduces the credibility and usefulness of the  
654 organization's sustainability reporting. It does not align with the aim of reporting in accordance with  
655 the GRI Standards, which is to provide a comprehensive picture of the organization's most significant  
656 impacts.

657 The organization is not allowed to use other reasons for omission than those included in [Table 2](#) of  
658 this Standard.

659 The organization is required to report reasons for omission in the GRI content index. See  
660 [Requirement 7](#) in this Standard for more information on the content index.

## 661 Requirement 7: Publish a GRI content index

662 The organization shall:

663 a. publish a GRI content index that includes:

- 664 i. the title: GRI content index;
  - 665 ii. the statement of use;
  - 666 iii. the title of GRI 1 used;
  - 667 iv. the title(s) of the GRI Sector Standard(s) that apply to the organization's sector(s);
  - 668 v. a list of the organization's material topics;
  - 669 vi. a list of the topics in the applicable GRI Sector Standard(s) determined as not  
670 material and an explanation for why they are not material;
  - 671 vii. a list of the reported disclosures, including the disclosure titles;
  - 672 viii. the titles of the GRI Standards and other sources that the reported disclosures  
673 come from;
  - 674 ix. when the organization does not report GRI Topic Standard disclosures for a  
675 material topic from the applicable GRI Sector Standard(s), a list of the disclosures  
676 and the required reason for omission;
  - 677 x. the GRI Sector Standard reference numbers for the disclosures from the applicable  
678 Sector Standard(s);
  - 679 xi. the location where the information reported for each disclosure can be found;
  - 680 xii. any reasons for omission used;
- 681 b. if it publishes a standalone sustainability report and the GRI content index is not included  
682 in the report itself, provide a link or reference to the GRI content index in the report.

### 683 Guidance

684 The information reported using the GRI Standards can be published or made accessible in a range of  
685 formats (e.g., electronic, paper-based) across one or more locations (e.g., a standalone sustainability  
686 report, web pages, an annual report). The GRI content index provides an overview of the  
687 organization's reported information, shows where the reported information can be found, and helps  
688 information users access this information. The content index also shows which GRI Standards and  
689 disclosures the organization has used.

690 [Appendix 1](#) of this Standard provides guidance on how to prepare the GRI content index when  
691 reporting in accordance with the GRI Standards. It includes an example that the organization can use  
692 to prepare the content index. The organization can use a different format for the content index than  
693 the one provided in Appendix 1, as long as it complies with the requirements for the content index.

## 694 Requirement 8: Provide a statement of use

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

696 **[Name of organization] has reported in accordance with the GRI Standards for the period**  
697 **[reporting period start and end dates].**

698 **Guidance**

699 To state that the organization has reported in accordance with the GRI Standards, the organization  
700 must have complied with all nine requirements in this section.

701 The organization is required to insert the name of the organization and the start and end dates of its  
702 reporting period in the statement, for example:

703 'ABC Limited has reported in accordance with the GRI Standards for the period from 1 January 2022  
704 to 31 December 2022.'

705 The organization is required to report whether the highest governance body is responsible for  
706 reviewing and approving the reported information, including the organization's material topics, under  
707 [Disclosure 2-14 in GRI 2: General Disclosures 2021](#).

708 **Requirement 9: Notify GRI**

709 **a. The organization shall notify GRI of the use of the GRI Standards and the statement of use**  
710 **by sending an email to [reportregistration@globalreporting.org](mailto:reportregistration@globalreporting.org).**

711 **Guidance**

712 The organization should include the following information in the email:

- 713 • The legal name of the organization.
- 714 • The link to the GRI content index.
- 715 • The link to the report, if publishing a standalone sustainability report.
- 716 • The statement of use.
- 717 • A contact person in the organization and their contact details.

718 There is no cost associated with notifying GRI of the use of the GRI Standards.

719 **Reporting with reference to the GRI Standards**

720 An organization can report with reference to the GRI Standards if it cannot comply with all the  
721 requirements for reporting in accordance with the GRI Standards. The organization should transition  
722 to reporting in accordance with the GRI Standards in time as it will provide a comprehensive picture of  
723 the organization's most significant impacts on the economy, environment, and people, including  
724 impacts on their human rights.

725 The organization can also report with reference to the GRI Standards if it uses selected GRI  
726 Standards, or parts of their content, to report information about specific topics for specific purposes,  
727 for example, to comply with a reporting regulation on climate change.

728 The organization must comply with all three requirements in this section to report with reference to the  
729 GRI Standards. The organization should also apply the reporting principles specified in [section 4](#) of  
730 this Standard to ensure high-quality reporting. Additionally, the organization should explain how it  
731 manages its impacts for the topics it reports on using [Disclosure 3-3 in GRI 3: Material Topics 2021](#).

732 **Overview of requirements for reporting with reference to the GRI Standards**

Publish a GRI content index

Provide a statement of use

Notify GRI

## 733 Publish a GRI content index

734 The organization shall:

735 a. publish a GRI content index that includes:

736 i. the title: GRI content index;

737 ii. the statement of use;

738 iii. the title of GRI 1 used;

739 iv. a list of the reported disclosures from the GRI Standards, including the disclosure  
740 titles;

741 v. the titles of the GRI Standards that the reported disclosures come from;

742 vi. the location where the information reported for each disclosure can be found;

743 b. if it publishes a standalone sustainability report and the GRI content index is not included  
744 in the report itself, provide a link or reference to the GRI content index in the report.

### 745 Guidance

746 The information reported using the GRI Standards can be published or made accessible in a range of  
747 formats (e.g., electronic, paper-based) across one or more locations (e.g., a standalone sustainability  
748 report, web pages, an annual report). The GRI content index provides an overview of the  
749 organization's reported information, shows where the reported information can be found, and helps  
750 information users access this information. The content index also shows which GRI Standards and  
751 disclosures the organization has used.

752 [Appendix 2](#) of this Standard provides guidance on how to prepare the GRI content index when  
753 reporting with reference to the GRI Standards. It includes an example that the organization can use to  
754 prepare the content index. The organization can use a different format for the content index than the  
755 one provided in [Appendix 2](#), as long as it complies with the requirements for the content index. The  
756 organization can also use the content index specified for reporting in accordance with the GRI  
757 Standards in [Appendix 1](#) of this Standard, if suitable. In such a case, the statement of use in [Appendix](#)  
758 [1](#), which is for reporting in accordance with the GRI Standards, must be replaced by the statement of  
759 use for reporting with reference to the GRI Standards.

## 760 Provide a statement of use

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

762 **[Name of organization] has reported the information cited in this GRI content index for the**  
763 **period [reporting period start and end dates] with reference to the GRI Standards.**

### 764 Guidance

765 To state that the organization has reported with reference to the GRI Standards, the organization  
766 must have complied with all three requirements in this section.

767 The organization is required to insert the name of the organization and the start and end dates of its  
768 reporting period in the statement, for example:

769 'ABC Limited has reported the information cited in this GRI content index for the period from 1  
770 January 2022 to 31 December 2022 with reference to the GRI Standards.'



771 **Notify GRI**

772 a. **The organization shall notify GRI of the use of the GRI Standards and the statement of use**  
773 **by sending an email to [reportregistration@globalreporting.org](mailto:reportregistration@globalreporting.org).**

774 **Guidance**

775 The organization should include the following information in the email:

- 776 • The legal name of the organization.
- 777 • The link to the GRI content index.
- 778 • The link to the report, if publishing a standalone sustainability report.
- 779 • The statement of use.
- 780 • A contact person in the organization and their contact details.

781 There is no cost associated with notifying GRI of the use of the GRI Standards.

This document does not represent an official position of the GSSB

## 782 4. Reporting principles

783 The reporting principles are fundamental to achieving high-quality sustainability reporting. An  
784 organization is required to apply the reporting principles to be able to claim that it has prepared the  
785 reported information in accordance with the GRI Standards (see [section 3](#) in this Standard).

786 The reporting principles guide the organization in ensuring the quality and proper presentation of the  
787 reported information. High-quality information allows information users to make informed  
788 assessments and decisions about the organization's impacts and its contribution to sustainable  
789 development.

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

### 791 Overview of principles

- 792 • Accuracy
- 793 • Balance
- 794 • Clarity
- 795 • Comparability
- 796 • Completeness
- 797 • Sustainability context
- 798 • Timeliness
- 799 • Verifiability

## 800 Accuracy

### 801 Requirement

802 **a. The organization shall report information that is correct and sufficiently detailed to allow**  
803 **an assessment of the organization's impacts.**

### 804 Guidance

805 The characteristics that determine accuracy vary depending on the nature of the information  
806 (qualitative or quantitative) and the intended use of the information. The accuracy of quantitative  
807 information depends on the specific methods used to gather, compile, and analyze data. The  
808 accuracy of qualitative information depends on the level of detail and consistency with available  
809 evidence. Information users require sufficient detail to make assessments about the organization's  
810 impacts.

811 To apply the Accuracy principle, the organization should:

- 812 • report qualitative information that is consistent with available evidence and other reported  
813 information;
- 814 • indicate which data has been measured;
- 815 • adequately describe data measurements and bases for calculations, and ensure it is possible  
816 to replicate measurements and calculations with similar results;
- 817 • ensure that the margin of error for data measurements does not inappropriately influence the  
818 conclusions or assessments of information users;
- 819 • indicate which data has been estimated, and explain the underlying assumptions and  
820 techniques used for the estimation as well as any limitations of the estimates.

## 821 **Balance**

### 822 **Requirement**

- 823 **a. The organization shall report information in an unbiased way and provide a fair**  
824 **representation of the organization's negative and positive impacts.**

### 825 **Guidance**

826 To apply the Balance principle, the organization should:

- 827 • present information in a way that allows information users to see negative and positive year-  
828 on-year trends in impacts;
- 829 • distinguish clearly between facts and the organization's interpretation of the facts;
- 830 • not omit relevant information concerning its negative impacts;
- 831 • not overemphasize positive news or impacts;
- 832 • not present information in a way that is likely to inappropriately influence the conclusions or  
833 assessments of information users.

## 834 **Clarity**

### 835 **Requirement**

- 836 **a. The organization shall present information in a way that is accessible and understandable.**

### 837 **Guidance**

838 To apply the Clarity principle, the organization should:

- 839 • take into account specific accessibility needs of information users, associated with abilities,  
840 language, and technology;
- 841 • present information in a way that users are able to find the information they want without  
842 unreasonable effort, for example, through a table of contents, maps, or links;
- 843 • present information in a way that it can be understood by users who have reasonable  
844 knowledge of the organization and its activities;
- 845 • avoid abbreviations, technical terms, or other jargon likely to be unfamiliar to users or, if these  
846 are used, include relevant explanations in the appropriate sections or in a glossary;
- 847 • report information in a concise way and aggregate information where useful without omitting  
848 necessary details;
- 849 • use graphics and consolidated data tables to make information accessible and  
850 understandable.

## 851 **Comparability**

### 852 **Requirement**

- 853 **a. The organization shall select, compile, and report information in a consistent manner, to**  
854 **enable an analysis of changes in the organization's impacts over time and an analysis of**  
855 **these impacts relative to those of other organizations.**

## 856 **Guidance**

857 Information reported in a comparable way enables the organization and other information users to  
858 assess the organization's current impacts against its past impacts and its goals and targets. It also  
859 enables external parties to assess and benchmark the organization's impacts against impacts of other  
860 organizations, as part of rating activities, investment decisions, and advocacy programs.

861 To apply the Comparability principle, the organization should:

- 862 • present information for the current reporting period and at least two previous periods, as well  
863 as any goals and targets that have been set;
- 864 • use generally accepted international metrics (e.g., kilograms, liters), and standard conversion  
865 factors and protocols, where applicable, for compiling and reporting information;
- 866 • maintain consistency in the methods used to measure and calculate data and in explaining  
867 the methods and assumptions used;
- 868 • maintain consistency in the manner of presenting the information;
- 869 • report total numbers or absolute data (e.g., metric tons of CO<sub>2</sub> equivalent) as well as ratios or  
870 normalized data (e.g., CO<sub>2</sub> emissions per unit produced) to enable comparisons, and provide  
871 explanatory notes when using ratios;
- 872 • provide contextual information (e.g., the organization's size, geographic location) to help  
873 information users understand the factors that contribute to differences between the  
874 organization's impacts and the impacts of other organizations;
- 875 • present the current disclosures alongside restatements of historical data to enable  
876 comparisons if there have been changes from the information reported previously. This can  
877 include changes in the length of the reporting period, in the measurement methodologies, in  
878 the definitions used, or in other elements of reporting. The organization is required to report  
879 restatements of information under [Disclosure 2-4 in GRI 2: General Disclosures 2021](#);
- 880 • if restatements of historical data are not provided, explain the changes to provide contextual  
881 information for interpreting the current disclosures.

## 882 **Completeness**

### 883 **Requirement**

884 **a. The organization shall provide sufficient information to enable an assessment of the**  
885 **organization's impacts during the reporting period.**

### 886 **Guidance**

887 To apply the Completeness principle, the organization should:

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

893 If the organization consists of multiple entities (i.e., a parent entity and its subordinate entities), the  
894 organization is required to explain the approach used for consolidating the information under [2-2-c in](#)  
895 [GRI 2: General Disclosures 2021](#).

896 If information for a disclosure or a requirement in a disclosure for which reasons for omission are  
897 permitted is unavailable or incomplete, the organization is required to provide a reason for omission.  
898 When information is incomplete, the organization is required to specify which part is missing (e.g.,  
899 specify the entities for which the information is missing). See [Requirement 6](#) in this Standard for more  
900 information.

## 901 Sustainability context

### 902 Requirement

903 a. The organization shall report information about its **impacts** in the wider context of  
904 **sustainable development**.

### 905 Guidance

906 Sustainable development has been defined as 'development which meets the needs of the present  
907 without compromising the ability of future generations to meet their own needs' [8]. The objective of  
908 sustainability reporting using the GRI Standards is to provide transparency on how an organization  
909 contributes or aims to contribute to sustainable development. For this purpose, the organization  
910 needs to assess and report information about its impacts in the wider context of sustainable  
911 development.

912 To apply the Sustainability context principle, the organization should:

- 913 • draw on objective information, and authoritative measures on sustainable development to  
914 report information about its impacts (e.g., scientific research or consensus on the limits and  
915 demands placed on environmental resources);
- 916 • report information about its impacts in relation to sustainable development goals and  
917 conditions (e.g., reporting total greenhouse gas [GHG] emissions as well as reductions in  
918 GHG emissions in relation to the goals set out in the *United Nations [UN] Framework  
919 Convention on Climate Change [FCCC] Paris Agreement [4]*);
- 920 • report information about its impacts in relation to societal expectations and expectations of  
921 responsible business conduct set out in authoritative intergovernmental instruments with  
922 which the organization is expected to comply (e.g., *Organisation for Economic Co-operation  
923 and Development [OECD] Guidelines for Multinational Enterprises [3]*, *UN Guiding Principles  
924 on Business and Human Rights [5]*) and in other recognized sector-specific, local, regional, or  
925 global instruments;
- 926 • if operating in a range of locations, report information about its impacts in relation to  
927 appropriate local contexts (e.g., reporting total water use, as well as water use relative to the  
928 sustainable thresholds and the social context of given catchments).

929 Understanding the sustainability context provides the organization with critical information to  
930 determine and report on its **material topics** (see *GRI 3: Material Topics 2021*). The GRI Sector  
931 Standards describe the sectors' context and they can also help the organization in understanding its  
932 sustainability context.

## 933 Timeliness

### 934 Requirement

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

### 937 Guidance

938 The usefulness of information is closely tied to whether it is available in time for information users to  
939 integrate it into their decision-making. The Timeliness principle refers to how regularly as well as how  
940 soon after the **reporting period** the information is published.

941 To apply the Timeliness principle, the organization should:

- 942 • find a balance between the need to make information available in a timely manner and  
943 ensuring that the information is of high quality and meets the requirements under the other  
944 reporting principles;

- 945       • ensure consistency in the length of reporting periods;
- 946       • indicate the time period covered by the reported information.
- 947 See [section 5.1](#) in this Standard for information on aligning the reporting periods and publishing  
948 schedules of sustainability reporting and other types of reporting.

## 949 **Verifiability**

### 950 **Requirement**

- 951 **a. The organization shall gather, record, compile, and analyze information in such a way that**  
952 **the information can be examined to establish its quality.**

### 953 **Guidance**

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

956 To apply the Verifiability principle, the organization should:

- 957       • set up internal controls and organize documentation in such a way that individuals other than  
958 those preparing the reported information (e.g., internal auditors, external assurance providers)  
959 are able to review them;
- 960       • document the decision-making processes underlying the organization's sustainability  
961 reporting in a way that allows for the examination of the key decisions and processes, such as  
962 the process of determining material topics;
- 963       • if the organization designs information systems for its sustainability reporting, design these  
964 systems in a way that they can be examined as part of an external assurance process;
- 965       • be able to identify the original sources of the reported information and provide reliable  
966 evidence to support assumptions or calculations;
- 967       • be able to provide representation from the original sources of the reported information  
968 attesting to the accuracy of the information within acceptable margins of error;
- 969       • avoid including information that is not substantiated by evidence, unless it is relevant for  
970 understanding the organization's impacts;
- 971       • provide unambiguous explanations of any uncertainties associated with the reported  
972 information.

973 See [section 5.2](#) in this Standard for more information on enhancing the credibility of the organization's  
974 sustainability reporting.

# 975 5. Additional recommendations for 976 reporting

977 This section presents recommendations for an organization to align its sustainability reporting with  
978 other types of reporting and to enhance the credibility of its sustainability reporting.

## 979 5.1 Aligning sustainability reporting with other reporting

980 An organization should align its sustainability reporting with other statutory and regulatory reporting, in  
981 particular its financial reporting. This means that the organization should report the information for the  
982 same reporting period and for the same group of entities as covered in its financial reporting. The  
983 organization should also publish the information at the same time as its financial reporting, where this  
984 is possible.

## 985 5.2 Enhancing the credibility of sustainability reporting

986 There are several ways in which an organization can enhance the credibility of its sustainability  
987 reporting. These include the use of internal controls, external assurance, and stakeholder or expert  
988 panels. The organization is not required to apply these methods when reporting in accordance with  
989 the GRI Standards but is encouraged to do so.

### 990 Internal controls

991 The organization should set up internal controls to strengthen the integrity and credibility of its  
992 sustainability reporting. Internal controls are processes designed and implemented by the  
993 organization, generally its management, to provide reasonable assurance regarding the achievement  
994 of its objectives.

995 Internal controls can be implemented in day-to-day operations and through compliance functions. The  
996 organization can also establish and maintain an internal audit function as part of its processes for risk  
997 management to further improve the credibility of its sustainability reporting.

998 In some jurisdictions, corporate governance codes require the highest governance body to inquire  
999 and, if it is satisfied, to confirm the adequacy of an organization's internal controls in the annual  
1000 report. This confirmation may only relate to the adequacy of the internal controls for financial  
1001 reporting. It may not provide information about whether the same internal controls are also adequate  
1002 to assess the credibility of the organization's sustainability reporting. If the organization relies on  
1003 internal controls set up for financial reporting, it should assess the relevance of these controls for its  
1004 sustainability reporting. In cases where these controls are inadequate, the organization should identify  
1005 and use additional internal controls to assess the credibility of its sustainability reporting.

### 1006 External assurance

1007 In addition to internal controls, the organization should seek external assurance for its sustainability  
1008 reporting. [Disclosure 2-5 in GRI 2: General Disclosures 2021](#) requires the organization to describe its  
1009 policy and practice for seeking external assurance for its sustainability reporting. If the sustainability  
1010 reporting has been externally assured, the organization is also required to describe what has been  
1011 externally assured and on what basis.

1012 External assurance comprises activities carried out by assurance providers to assess the quality and  
1013 credibility of the qualitative and quantitative information reported by the organization. External  
1014 assurance can also be used to assess the systems or processes the organization uses to prepare the  
1015 information (e.g., the process of determining material topics). External assurance is different from  
1016 activities that are used to assess or validate the performance of the organization, such as compliance  
1017 assessments or the issuing of performance certifications.

1018 External assurance results in published assurance reports or conclusions that can be used to verify  
1019 that the information has been prepared in accordance with reporting standards. It can also be used to  
1020 reduce risk in data quality and increase trust in the reported information. This, in turn, helps  
1021 information users as well as the organization rely on the reported information for their decision-  
1022 making.

1023 External assurance should be conducted by competent assurance providers with appropriate  
1024 experience and qualifications. Assurance providers should be:

- 1025 • independent from the organization and therefore able to reach impartial and objective  
1026 conclusions about the organization's reporting and to publish these conclusions in a report  
1027 that is publicly available;
- 1028 • demonstrably competent in the subject matter and assurance practices;
- 1029 • competent in applying quality control procedures to the assurance engagement;
- 1030 • able to conduct the engagement in a manner that is systematic, documented, evidence-  
1031 based, and characterized by defined procedures in line with professional standards for  
1032 assurance;
- 1033 • able to consider the selection of the information reported as well as its accuracy, and to  
1034 assess whether the reporting provides a comprehensive picture of the organization's most  
1035 significant impacts and how it manages these impacts;
- 1036 • able to assess the extent to which the organization has applied the GRI Standards in the  
1037 course of formulating opinions or reaching conclusions.

1038 **Stakeholder or expert panels**

1039 The organization can also convene a stakeholder or expert panel to seek views on its approach to  
1040 sustainability reporting or for advice on the information to be reported.



# Appendix 1. GRI content index in accordance

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## GRI content index

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<b>Statement of use</b>	[Name of organization] has reported in accordance with the GRI Standards for the period [reporting period start and end dates].
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	[Titles of the applicable GRI Sector Standards]

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.			
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION				
<b>General disclosures</b>									
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details		<i>A gray cell indicates something that does not apply. This only relates to the 'Omission' and 'GRI Sector Standard ref. no.' columns.</i>						
	2-2 Entities included in the organization's sustainability reporting								
	2-3 Reporting period, frequency and contact point								
	2-4 Restatements of information								
	2-5 External assurance								
	2-6 Activities, value chain and other business relationships								
	" "	" "					" "	" "	" "
	2-30 Collective bargaining agreements								
<b>Material topics</b>									
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics								
	3-2 List of material topics								
<b>[Material topic]</b>									
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics								
<b>[Title of source]</b>	[Disclosure title]								
" "	" "	" "	" "	" "	" "	" "			
<b>[Material topic]</b>									
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics								
<b>[Title of source]</b>	[Disclosure title]								
" "	" "	" "	" "	" "	" "	" "			

<b>Topics in the applicable GRI Sector Standards determined as not material</b>	
TOPICS	EXPLANATION
<b>[Title of GRI Sector Standard]</b>	
[Topic]	[Explanation]
[Topic]	[Explanation]

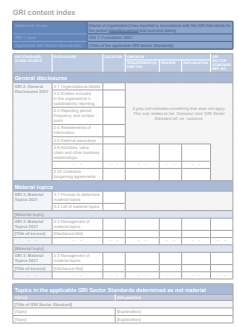
## Guidance

This Appendix provides guidance on how to prepare the GRI content index when reporting in accordance with the GRI Standards. It includes an example that the organization can use to prepare the content index. The organization can use a different format for the content index than the one provided here, as long as it complies with the requirements for the content index specified in **Requirement 7** in this Standard.

The organization can include additional information in the content index, 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.

The organization should make sure that such additions do not compromise the readability of the content index. This can be done by providing any additional information in separate columns or rows that are included at the end of the content index, after all the required information has been specified.

The organization should not report the information required by the disclosures directly in the content index. Exceptions can be made if the information is brief and easier to find in the content index than in other locations (e.g., information on the reporting period may be easier to find when stated directly in the content index); or to report that an item (e.g., committee, policy, practice, process) specified in a disclosure does not exist. Detailed reporting in the content index should be avoided.

	<p><b>Statement of use</b></p> <p>The organization is required to include in the GRI content index the statement of use for reporting in accordance with the GRI Standards, as specified in <b>Requirement 7-a-ii</b> in this Standard. See <b>Requirement 8</b> in this Standard for more information on the statement of use.</p> <p><b>GRI 1 used</b></p> <p>The organization is required to include in the GRI content index the title of GRI 1 it has used, as specified in <b>Requirement 7-a-iii</b> in this Standard. The title of GRI 1 includes the number, name, and publication year (e.g., <i>GRI 1: Foundation 2021</i>).</p> <p>GRI 1 does not contain disclosures, but it does specify the requirements for reporting in accordance with the GRI Standards. The GRI Standards are regularly updated, and a newer version of GRI 1 may have different requirements for reporting in accordance with the GRI Standards than its previous version. Indicating which version of GRI 1 the organization has used helps clarify which requirements it must comply with.</p> <p><b>Applicable GRI Sector Standard(s)</b></p> <p>The organization is required to include in the GRI content index the titles of the GRI Sector Standards that apply to its sectors, as specified in <b>Requirement 7-a-iv</b> in this Standard. The title of a GRI Sector Standard includes the number, name, and publication year (e.g., <i>GRI 11: Oil and Gas Sector 2021</i>).</p>
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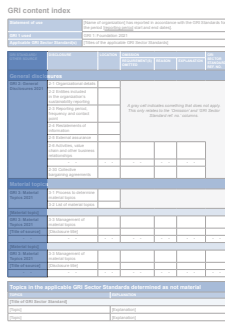
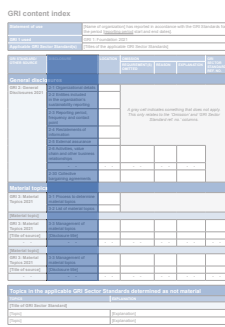
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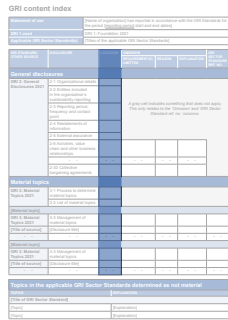
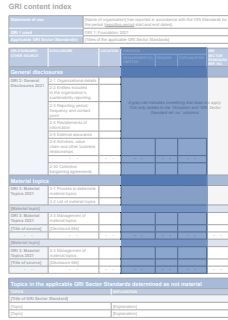
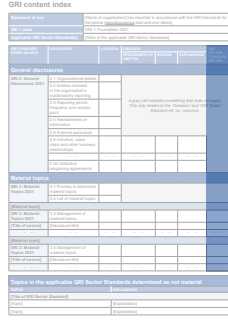
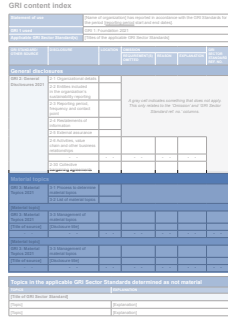
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	<p><b>Titles of the GRI Standards and other sources of reported disclosures</b></p> <p>The organization is required to include in the GRI content index the titles of the GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards it has used to report disclosures, as specified in <b>Requirement 7-a-viii</b> in this Standard. These include:</p> <ul style="list-style-type: none"> <li>• <i>GRI 2: General Disclosures 2021</i>;</li> <li>• <i>GRI 3: Material Topics 2021</i>;</li> <li>• the Topic Standards the organization has used for reporting on its <u>material topics</u>;</li> <li>• the Sector Standards the organization has used to report additional sector disclosures listed for its material topics.</li> </ul> <p>The title of a GRI Standard includes the number, name, and publication year (e.g., <i>GRI 303: Water and Effluents 2018</i>).</p> <p>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 may have different disclosures than its previous version. The publication year of the Standard does not refer to the <u>reporting period</u> covered by the reported information or to the year that the reported information is published.</p> <p>If the organization reports disclosures from other sources, the organization is required to include in the content index the titles of the sources it has used.</p>	<p>A38</p> <p>A39</p> <p>A40</p> <p>A41</p> <p>A42</p> <p>A43</p> <p>A44</p> <p>A45</p> <p>A46</p> <p>A47</p> <p>A48</p> <p>A49</p> <p>A50</p> <p>A51</p> <p>A52</p> <p>A53</p> <p>A54</p> <p>A55</p>
	<p><b>Disclosures</b></p> <p>The organization is required to list in the GRI content index all the disclosures it has reported, as specified in <b>Requirement 7-a-vii</b> in this Standard. These include the disclosures from <i>GRI 2: General Disclosures 2021</i> and <i>GRI 3: Material Topics 2021</i>, and the disclosures it has reported for each material topic.</p> <p>For each material topic the organization is required to list the disclosures it has reported from the GRI Topic Standards and GRI Sector Standards, as well as the disclosures it has reported from other sources. The organization should organize these disclosures by each material topic. See <b>Requirement 5-a</b> and <b>Requirement 5-b-i</b> in this Standard for more information on reporting disclosures for each material topic.</p> <p>Besides the disclosures from the Topic Standards, the Sector Standards may list additional sector disclosures for organizations to report. Reporting these additional sector disclosures is a recommendation. If the organization reports any of these additional sector disclosures for its material topics, it is required to list them in the content index.</p> <p>The organization is required to include the disclosure titles in the content index. The title of a disclosure includes the number and name (e.g., 2-6 Activities, value chain and other business relationships).</p> <p>For disclosures from other sources, if there is no disclosure title available, the organization can list any other information that helps identify the disclosure.</p> <p><b>GRI Topic Standards disclosures listed in the applicable GRI Sector Standards that are not reported</b></p> <p>For each topic in the applicable GRI Sector Standards determined as material, the organization is required to include in the GRI content index any GRI Topic Standards disclosures listed for that topic that the organization does not report, as specified in <b>Requirement 7-a-ix</b> in this Standard.</p> <p>There can be cases where a Topic Standard disclosure listed in the Sector Standard is not relevant to the organization's <u>impacts</u> in relation to the material topic. In such cases, the organization is required to provide the 'not applicable' reason for omission, and to briefly explain why the disclosure is not relevant. See <b>Requirement 5-b</b> in this Standard for more information on reporting on material topics covered in the Sector Standards.</p>	<p>A56</p> <p>A57</p> <p>A58</p> <p>A59</p> <p>A60</p> <p>A61</p> <p>A62</p> <p>A63</p> <p>A64</p> <p>A65</p> <p>A66</p> <p>A67</p> <p>A68</p> <p>A69</p> <p>A70</p> <p>A71</p> <p>A72</p> <p>A73</p> <p>A74</p> <p>A75</p> <p>A76</p> <p>A77</p> <p>A78</p> <p>A79</p> <p>A80</p> <p>A81</p> <p>A82</p> <p>A83</p> <p>A84</p> <p>A85</p>

	<p><b>Location</b></p> <p>For each disclosure that it has reported, the organization is required to include in the GRI content index the location (i.e., the specific page numbers or links) in, for example, a report, document, website where the information can be found, as specified in <b>Requirement 7-a-xi</b> in this Standard. If the information reported for a disclosure is spread across multiple pages or web pages, the organization is required to specify all page numbers and links across which the information is distributed.</p> <p>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 about 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 in the content index.</p>	<p>A86 A87 A88 A89 A90 A91 A92  A93 A94 A95 A96 A97</p>
	<p><b>Omissions</b></p> <p>The organization is required to include in the GRI content index the reasons for omission it has used for each disclosure or requirement it cannot comply with, as specified in <b>Requirement 7-a-xii</b> in this Standard.</p> <p>If the organization cannot comply with a disclosure or with a requirement in a disclosure for which reasons for omission are permitted, the organization is required to specify the disclosure or the requirement it cannot comply with in the content index. It is also required to provide one of the permitted reasons for omission and the required explanation for that reason. The four permitted reasons for omission are: not applicable, legal prohibitions, confidentiality constraints, and information unavailable / incomplete. See <b>Requirement 6</b> in this Standard for more information on reasons for omission.</p>	<p>A98 A99 A100 A101  A102 A103 A104 A105 A106 A107 A108</p>
	<p><b>GRI Sector Standard reference numbers</b></p> <p>When listing the GRI disclosures and additional sector disclosures from the applicable GRI Sector Standards in the GRI content index, the organization is required to include the GRI Sector Standard reference numbers, as specified in <b>Requirement 7-a-x</b> in this Standard. The GRI Sector Standard reference number refers to the unique identifier for each disclosure listed in a Sector Standard (e.g., S11.1.1). This identifier helps information users assess which of the disclosures listed in the Sector Standards are included in the organization's reporting.</p>	<p>A109 A110 A111 A112 A113 A114 A115 A116</p>
	<p><b>Material topics</b></p> <p>The organization is required to list its material topics in the GRI content index, as specified in <b>Requirement 7-a-v</b> in this Standard.</p> <p>The list of material topics included in the content index is the same as the list of material topics reported under <b>3-2-a</b> in <i>GRI 3: Material Topics 2021</i>.</p>	<p>A117 A118 A119  A120 A121</p>

GRI content index

Discipline	Standard	Materiality	Reporting
General disclosures	1000: Business operations		
	1001: Policies		
	1002: Products and services		
	1003: Suppliers		
	1004: Customers		
	1005: Employees		
	1006: Communities		
	1007: Environmental impacts		
	1008: Climate change		
	1009: Pollution and waste		
Material topics	2000: Environmental impacts		
	3000: Social impacts		
	4000: Governance		
	5000: Economic impacts		
	6000: Anti-corruption and bribery		
	7000: Consumer privacy		
	8000: Data security		
	9000: Information security		
	10000: Cybersecurity		
	11000: Digital privacy		

**Topics in the applicable GRI Sector Standards determined as not material**

The organization is required to list in the GRI content index any topics from the applicable GRI Sector Standards that it has determined as not material and explain why they are not material, as specified in **Requirement 7-a-vi** in this Standard. See **Requirement 3-b** in this Standard for more information on using the Sector Standards to determine material topics.

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## Appendix 2. GRI content index with reference

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### GRI content index

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<b>Statement of use</b>	[Name of organization] has reported the information cited in this GRI content index for the period [reporting period start and end dates] with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
[Title of GRI Standard]	[Disclosure title]	
[Title of GRI Standard]	[Disclosure title]	

### Guidance

A130

This Appendix provides guidance on how to prepare the GRI content index when reporting with reference to the GRI Standards. It includes an example that the organization can use to prepare the content index. The organization can use a different format for the content index than the one provided here, as long as it complies with the requirements for the content index specified in '**Reporting with reference to the GRI Standards**' at the end of section 3 of this Standard. The organization can also use the content index specified for reporting in accordance with the GRI Standards in **Appendix 1**, if suitable. In such a case, the statement of use in Appendix 1, which is for reporting in accordance with the GRI Standards, must be replaced by the statement of use for reporting with reference to the GRI Standards.

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The organization can include additional information in the content index, 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.


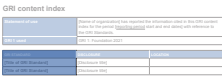


A138  
A139  
A140

The organization should make sure that such additions do not compromise the readability of the content index. This can be done by providing any additional information in separate columns or rows that are included at the end of the content index, after all the required information has been specified.

A141  
A142  
A143

The organization should not report the information required by the disclosures directly in the content index. Exceptions can be made if the information is brief and easier to find in the content index than in other locations (e.g., information on the reporting period may be easier to find when stated directly in the content index). Detailed reporting in the content index should be avoided.

A144  
A145  
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A147

	<p><b>Statement of use</b></p> <p>The organization is required to include in the GRI content index the statement of use for reporting with reference to the GRI Standards, as specified in <b>Requirement a-ii</b> in 'Reporting with reference to the GRI Standards' at the end of section 3 of this Standard. See the <b>requirement to provide a statement of use</b> in 'Reporting with reference to the GRI Standards' at the end of section 3 of this Standard for more information on the statement of use.</p> <p><b>GRI 1 used</b></p> <p>The organization is required to include in the GRI content index the title of GRI 1 it has used, as specified in <b>Requirement a-iii</b> in 'Reporting with reference to the GRI Standards' at the end of section 3 of this Standard. The title of GRI 1 includes the number, name, and publication year (e.g., <i>GRI 1: Foundation 2021</i>).</p> <p>GRI 1 does not contain disclosures, but it does specify the requirements for reporting with reference to the GRI Standards. The GRI Standards are regularly updated, and a newer version of GRI 1 may have different requirements for reporting with reference to the GRI Standards than its previous version. Indicating which version of GRI 1 the organization has used helps clarify which requirements it must comply with.</p>	<p>A148</p> <p>A149</p> <p>A150</p> <p>A151</p> <p>A152</p> <p>A153</p> <p>A154</p> <p>A155</p> <p>A156</p> <p>A157</p> <p>A158</p> <p>A159</p> <p>A160</p> <p>A161</p> <p>A162</p> <p>A163</p> <p>A164</p>
	<p><b>Titles of the GRI Standards of reported disclosures</b></p> <p>The organization is required to include in the GRI content index the titles of all the GRI Standards it has used to report disclosures, as specified in <b>Requirement a-v</b> in 'Reporting with reference to the GRI Standards' at the end of section 3 of this Standard. These can include <i>GRI 2: General Disclosures 2021</i>, <i>GRI 3: Material Topics 2021</i>, the GRI Sector Standards, and the GRI Topic Standards.</p> <p>The title of a GRI Standard includes the number, name, and publication year (e.g., <i>GRI 303: Water and Effluents 2018</i>).</p> <p>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 may have different disclosures than its previous version. The publication year of the Standard does not refer to the <u>reporting period</u> covered by the reported information or to the year that the reported information is published.</p>	<p>A165</p> <p>A166</p> <p>A167</p> <p>A168</p> <p>A169</p> <p>A170</p> <p>A171</p> <p>A172</p> <p>A173</p> <p>A174</p> <p>A175</p> <p>A176</p> <p>A177</p>
	<p><b>Disclosures</b></p> <p>The organization is required to list in the GRI content index all the disclosures it has reported from the GRI Standards, as specified in <b>Requirement a-iv</b> in 'Reporting with reference to the GRI Standards' at the end of section 3 of this Standard.</p> <p>The organization is required to include the disclosure titles in the content index. The title of a disclosure includes the number and name (e.g., 303-3 Water withdrawal).</p>	<p>A178</p> <p>A179</p> <p>A180</p> <p>A181</p> <p>A182</p> <p>A183</p>
	<p><b>Location</b></p> <p>For each disclosure that it has reported, the organization is required to include in the GRI content index the location (i.e., the specific page numbers or links) in, for example, a report, document, website where the information can be found, as specified in <b>Requirement a-vi</b> in 'Reporting with reference to the GRI Standards' at the end of section 3 of this Standard. If the information reported for a disclosure is spread across multiple pages or web pages, the organization is required to specify all page numbers and links across which the information is distributed.</p>	<p>A184</p> <p>A185</p> <p>A186</p> <p>A187</p> <p>A188</p> <p>A189</p> <p>A190</p> <p>A191</p>

# Glossary

1041

1042 This glossary provides definitions for terms used in this Standard. The organization is required to  
1043 apply these definitions when using the GRI Standards.

1044 The definitions included in this glossary may contain terms that are further defined in the complete  
1045 [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in  
1046 the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

## 1047 **business partner**

1048 entity with which the organization has some form of direct and formal engagement for the purpose of  
1049 meeting its business objectives

1050 Source: Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015; modified

1051 Examples: affiliates, business-to-business customers, clients, first-tier suppliers, franchisees, joint  
1052 venture partners, investee companies in which the organization has a shareholding position

1053 Note: Business partners do not include subsidiaries and affiliates that the organization controls.

## 1054 **business relationships**

1055 relationships that the organization has with business partners, with entities in its value chain including  
1056 those beyond the first tier, and with any other entities directly linked to its operations, products, or  
1057 services

1058 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
1059 *United Nations “Protect, Respect and Remedy” Framework*, 2011; modified

1060 Note: Examples of other entities directly linked to the organization’s operations, products, or services  
1061 are a non-governmental organization with which the organization delivers support to a local  
1062 community, or state security forces that protect the organization’s facilities.

## 1063 **due diligence**

1064 process to identify, prevent, mitigate, and account for how the organization addresses its actual and  
1065 potential negative impacts

1066 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
1067 *United Nations “Protect, Respect and Remedy” Framework*, 2011; and Organisation for Economic Co-  
1068 operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011; modified

1069 Note: See [section 2.3 in GRI 1: Foundation 2021](#) for more information on ‘due diligence’.

## 1070 **employee**

1071 individual who is in an employment relationship with the organization according to national law or  
1072 practice

## 1073 **highest governance body**

1074 governance body with the highest authority in the organization

1075 Note: In some jurisdictions, governance systems consist of two tiers, where supervision and  
1076 management are separated or where local law provides for a supervisory board drawn from non-  
1077 executives to oversee an executive management board. In such cases, both tiers are included under  
1078 the definition of highest governance body.



- 1079 **human rights**
- 1080 rights inherent to all human beings, which include, at a minimum, the rights set out in the *United Nations (UN) International Bill of Human Rights* and the principles concerning fundamental rights set out in the *International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work*
- 1081
- 1082
- 1083
- 1084 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011; modified
- 1085
- 1086 Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on ‘human rights’.
- 1087
- 1088 **impact**
- 1089 effect the organization has or could have on the economy, environment, and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development
- 1090
- 1091
- 1092 Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.
- 1093
- 1094 Note 2: See [section 2.1 in GRI 1: Foundation 2021](#) for more information on ‘impact’.
- 1095 **local community**
- 1096 individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization’s activities
- 1097
- 1098 Note: The local community can range from those living adjacent to the organization’s operations to those living at a distance.
- 1099
- 1100 **material topics**
- 1101 topics that represent the organization’s most significant impacts on the economy, environment, and people, including impacts on their human rights
- 1102
- 1103 Note: See [section 2.2 in GRI 1: Foundation 2021](#) and [section 1 in GRI 3: Material Topics 2021](#) for more information on ‘material topics’.
- 1104
- 1105 **mitigation**
- 1106 action(s) taken to reduce the extent of a negative impact
- 1107 Note: The mitigation of an actual negative impact refers to actions taken to reduce the severity 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.
- 1108
- 1109
- 1110
- 1111 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified
- 1112
- 1113 **remedy / remediation**
- 1114 means to counteract or make good a negative impact / provision of remedy
- 1115 Examples: apologies, restitution, restoration, rehabilitation, financial or non-financial compensation, and punitive sanctions (whether criminal or administrative, such as fines), prevention of harm through injunctions or guarantees of non-repetition
- 1116
- 1117
- 1118 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified
- 1119
- 1120 **reporting period**
- 1121 specific time period covered by the reported information
- 1122 Examples: fiscal year, calendar year

- 1123 **severity (of an impact)**
- 1124 The severity of an actual or potential negative impact is determined by its scale (i.e., how grave the  
1125 impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to  
1126 counteract or make good the resulting harm).
- 1127 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive*  
1128 *Guide*, 2012; and the Organisation for Economic Co-operation and Development (OECD), *OECD Due*  
1129 *Diligence Guidance for Responsible Business Conduct*, 2018; modified
- 1130 Note: See [section 1 in GRI 3: Material Topics 2021](#) for more information on ‘severity’.
- 1131 **stakeholder**
- 1132 individual or group that has an interest that is affected or could be affected by the organization’s  
1133 activities
- 1134 Source: Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence*  
1135 *Guidance for Responsible Business Conduct*, 2018; modified
- 1136 Examples: business partners, civil society organizations, consumers, customers, employees and  
1137 other workers, governments, local communities, non-governmental organizations, shareholders and  
1138 other investors, suppliers, trade unions, vulnerable groups
- 1139 Note: See [section 2.4 in GRI 1: Foundation 2021](#) for more information on ‘stakeholder’.
- 1140 **supplier**
- 1141 entity upstream from the organization (i.e., in the organization’s supply chain), which provides a  
1142 product or service that is used in the development of the organization’s own products or services
- 1143 Examples: brokers, consultants, contractors, distributors, franchisees, home workers, independent  
1144 contractors, licensees, manufacturers, primary producers, sub-contractors, wholesalers
- 1145 Note: A supplier can have a direct business relationship with the organization (often referred to as  
1146 first-tier supplier) or an indirect business relationship.
- 1147 **supply chain**
- 1148 range of activities carried out by entities upstream from the organization, which provide products or  
1149 services that are used in the development of the organization’s own products or services
- 1150 **sustainable development / sustainability**
- 1151 development that meets the needs of the present without compromising the ability of future  
1152 generations to meet their own needs
- 1153 Source: World Commission on Environment and Development, *Our Common Future*, 1987
- 1154 Note: In the GRI Standards, the terms ‘sustainability’ and ‘sustainable development’ are used  
1155 interchangeably.
- 1156 **vulnerable group**
- 1157 group of individuals with a specific condition or characteristic (e.g., economic, physical, political,  
1158 social) that could experience negative impacts as a result of the organization’s activities more  
1159 severely than the general population
- 1160 Examples: children and youth; elderly persons; ex-combatants; HIV/AIDS-affected households;  
1161 human rights defenders; indigenous peoples; internally displaced persons; migrant workers and their  
1162 families; national or ethnic, religious and linguistic minorities; persons who might be discriminated  
1163 against based on their sexual orientation, gender identity, gender expression, or sex characteristics  
1164 (e.g., lesbian, gay, bisexual, transgender, intersex); persons with disabilities; refugees or returning  
1165 refugees; women
- 1166 Note: Vulnerabilities and impacts can differ by gender.

- 1167 **worker**
- 1168 person that performs work for the organization
- 1169 Examples: employees, apprentices, interns, self-employed persons, and persons working for
- 1170 organizations other than the reporting organization, such as for suppliers
- 1171 Note: In the GRI Standards, in some cases it is specified whether a particular subset of workers is
- 1172 required to be used.

This document does not represent an official position of the GSSB

## 1173 Bibliography

1174 This section lists authoritative intergovernmental instruments used in developing this Standard.

### 1175 **Authoritative instruments:**

- 1176 1. International Labour Organization (ILO), *Tripartite Declaration of Principles concerning*  
1177 *Multinational Enterprises and Social Policy*, 2017.
- 1178 2. Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence*  
1179 *Guidance for Responsible Business Conduct*, 2018.
- 1180 3. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for*  
1181 *Multinational Enterprises*, 2011.
- 1182 4. United Nations (UN), *Framework Convention on Climate Change (FCCC) Paris Agreement*, 2015.
- 1183 5. United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United*  
1184 *Nations "Protect, Respect and Remedy" Framework*, 2011.
- 1185 6. United Nations (UN), *Protect, Respect and Remedy: a Framework for Business and Human*  
1186 *Rights*, 2008.
- 1187 7. United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue*  
1188 *of Human Rights and Transnational Corporations and Other Business Enterprises*, John Ruggie,  
1189 2011.
- 1190 8. World Commission on Environment and Development, *Our Common Future*, 1987.

1191

## **GRI 2: General Disclosures 2021**

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1192 **EFFECTIVE DATE: 1 JANUARY 2023**

1193 **UNIVERSAL STANDARD**

# 1194 **GRI 2: General Disclosures 2021**

## 1195 **UNIVERSAL STANDARD**

### 1196 **Effective date**

1197 This Standard is effective for reports or other materials published on or after **1 January 2023**. Earlier  
1198 adoption is encouraged.

### 1199 **Responsibility**

1200 This Standard is issued by the Global Sustainability Standards Board (GSSB). Any feedback on the  
1201 GRI Standards can be submitted to [???@globalreporting.org](mailto:???@globalreporting.org) for the consideration of the GSSB.

### 1202 **Legal liability**

1203 This document, designed to promote sustainability reporting, has been developed by the Global  
1204 Sustainability Standards Board (GSSB) through a unique multi-stakeholder consultative process  
1205 involving representatives from organizations and report information users from around the world.  
1206 While the GRI Board of Directors and GSSB encourage use of the GRI Sustainability Reporting  
1207 Standards (GRI Standards) and related Interpretations by all organizations, the preparation and  
1208 publication of reports based fully or partially on the GRI Standards and related Interpretations are the  
1209 full responsibility of those producing them. Neither the GRI Board of Directors, GSSB nor Stichting  
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1223 ISBN **978-90-8866-NNN-N**

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## 1264 Introduction

1265 *GRI 2: General Disclosures 2021* contains disclosures for organizations to provide information about  
1266 their reporting practices; activities and workers; governance; strategy, policies, and practices; and  
1267 stakeholder engagement. This information gives insight into the profile and scale of organizations and  
1268 provides a context for understanding their impacts.

1269 The Standard is structured as follows:

- 1270 • [Section 1](#) contains five disclosures, which provide information about the organization, its  
1271 sustainability reporting practices, and the entities included in its sustainability reporting.
- 1272 • [Section 2](#) contains three disclosures, which provide information about the organization's  
1273 activities, employees, and other workers.
- 1274 • [Section 3](#) contains thirteen disclosures, which provide information about the organization's  
1275 governance structure, composition, roles, and remuneration.
- 1276 • [Section 4](#) contains seven disclosures, which provide information about the organization's  
1277 sustainable development strategy and its policies and practices for responsible business  
1278 conduct.
- 1279 • [Section 5](#) contains two disclosures, which provide information about the organization's  
1280 stakeholder engagement practices and how it engages in collective bargaining with  
1281 employees.
- 1282 • The [Glossary](#) contains defined terms with a specific meaning when used in the GRI  
1283 Standards.
- 1284 • The [Bibliography](#) lists authoritative intergovernmental instruments and additional references  
1285 used in developing this Standard, as well as resources that can be consulted by the  
1286 organization.

1287 The rest of the Introduction section provides an overview of the system of GRI Standards and further  
1288 information on using this Standard.

## 1289 System of GRI Standards

1290 This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI  
1291 Standards enable an organization to report information about its most significant impacts on the  
1292 economy, environment, and people, including impacts on their human rights, and how it manages  
1293 these impacts.

1294 The GRI Standards are structured as a system of interrelated standards that are organized into three  
1295 series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see [Figure 1](#) in  
1296 this Standard).

### 1297 Universal Standards: GRI 1, GRI 2 and GRI 3

1298 [GRI 1: Foundation 2021](#) specifies the requirements that the organization must comply with to report in  
1299 accordance with the GRI Standards. The organization begins using the GRI Standards by consulting  
1300 [GRI 1](#).

1301 *GRI 2: General Disclosures 2021* contains disclosures that the organization uses to provide  
1302 information about its reporting practices and other organizational details, such as its activities,  
1303 governance, and policies.

1304 [GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains  
1305 disclosures that the organization uses to report information about its process of determining material  
1306 topics, its list of material topics, and how it manages each topic.

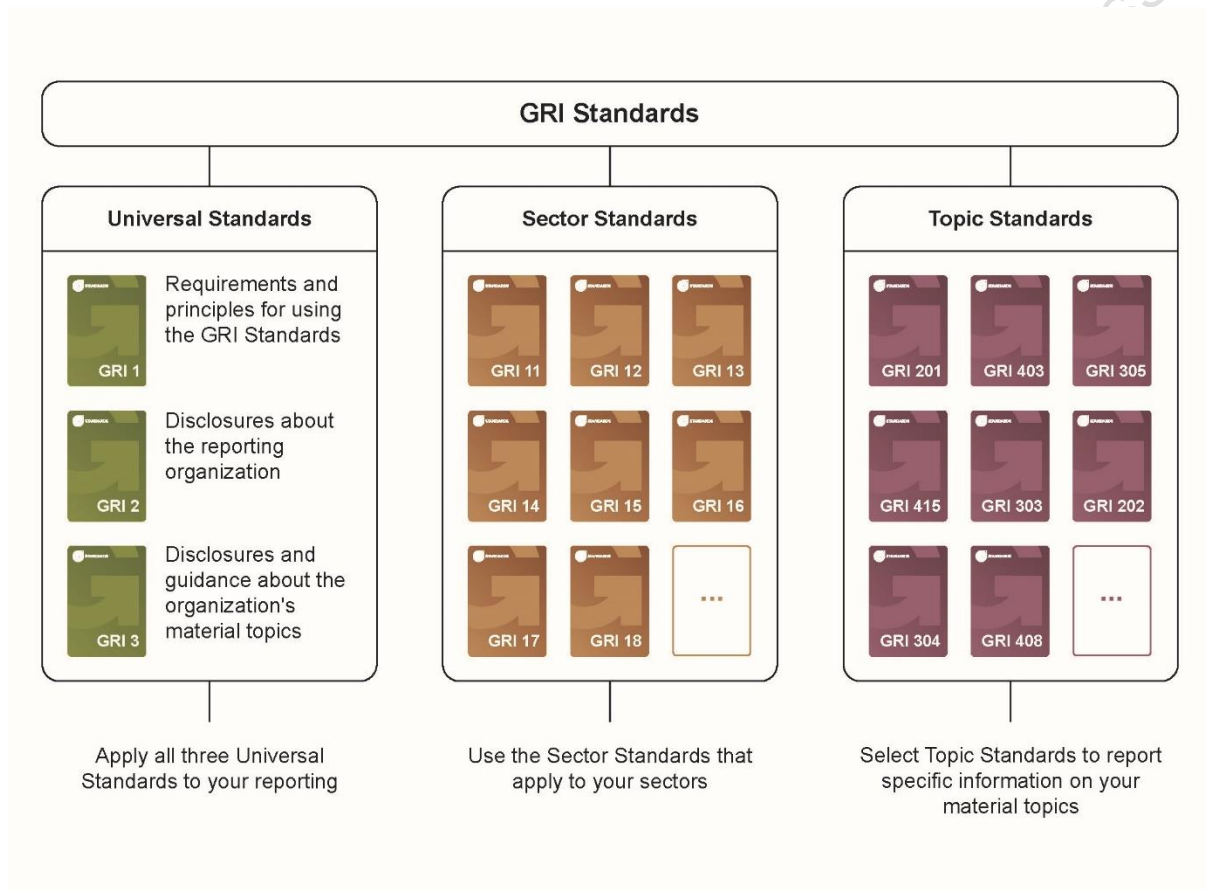
1307 **Sector Standards**

1308 The Sector Standards provide information for organizations about their likely material topics. The  
1309 organization uses the Sector Standards that apply to its sectors when determining its material topics  
1310 and when determining what to report for each material topic.

1311 **Topic Standards**

1312 The Topic Standards contain disclosures that the organization uses to report information about its  
1313 impacts in relation to particular topics. The organization uses the Topic Standards according to the list  
1314 of material topics it has determined using *GRI 3*.

1315 **Figure 1. GRI Standards: Universal, Sector and Topic Standards**



1316 **Using this Standard**

1317 An organization reporting in accordance with the GRI Standards is required to report all disclosures in  
1318 this Standard. [Disclosure 2-2](#) in this Standard requires the organization to list its entities included in its  
1319 sustainability reporting. These entities define the scope for reporting all other disclosures in this  
1320 Standard.

1321 Reasons for omission are permitted for all disclosures in this Standard except for:

- 1322 • Disclosure 2-1 Organizational details
- 1323 • Disclosure 2-2 Entities included in the organization's sustainability reporting
- 1324 • Disclosure 2-3 Reporting period, frequency and contact point
- 1325 • Disclosure 2-4 Restatements of information
- 1326 • Disclosure 2-5 External assurance

1327 If the organization cannot comply with a disclosure or with a requirement in a disclosure for which  
1328 reasons for omission are permitted (e.g., because the required information is confidential or subject to  
1329 legal prohibitions), the organization is required to specify the disclosure or the requirement it cannot  
1330 comply with, and provide a reason for omission together with an explanation in the GRI content index.  
1331 See [Requirement 6 in GRI 1: Foundation 2021](#) for more information on reasons for omission.

1332 If the organization cannot report the required information about an item specified in a disclosure  
1333 because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the  
1334 requirement by reporting this to be the case. The organization can explain the reasons for not having  
1335 this item, or describe any plans to develop it. The disclosure does not require the organization to  
1336 implement the item (e.g., developing a policy), but to report that the item does not exist.

1337 If the organization intends to publish a standalone sustainability report, it does not need to repeat  
1338 information that it has already reported publicly elsewhere, such as on web pages or in its annual  
1339 report. In such a case, the organization can report a required disclosure by providing a reference in  
1340 the GRI content index as to where this information can be found (e.g., by providing a link to the web  
1341 page or citing the page in the annual report where the information has been published).

#### 1342 **Requirements, guidance and defined terms**

1343 The following apply throughout the GRI Standards:

1344 Requirements are presented in **bold font** and indicated by the word 'shall'. An organization must  
1345 comply with requirements to report in accordance with the GRI Standards.

1346 Requirements may be accompanied by guidance.

1347 Guidance includes background information, explanations, and examples to help the organization  
1348 better understand the requirements. The organization is not required to comply with guidance.

1349 The Standards may also include recommendations. These are cases where a particular course of  
1350 action is encouraged but not required.

1351 The word 'should' indicates a recommendation, and the word 'can' indicates a possibility or option.

1352 Defined terms are underlined in the text of the GRI Standards and linked to their definitions in the  
1353 [Glossary](#). The organization is required to apply the definitions in the Glossary.

# 1354 **1. The organization and its reporting**

## 1355 **practices**

1356 The disclosures in this section provide an overview of the organization, its sustainability reporting  
1357 practices, and the entities included in its sustainability reporting.

### 1358 **Disclosure 2-1 Organizational details**

#### 1359 **Requirements**

1360 **The organization shall:**

- 1361 **a. report its legal name;**
- 1362 **b. report its nature of ownership and legal form;**
- 1363 **c. report the location of its headquarters;**
- 1364 **d. report its countries of operation.**

#### 1365 **Guidance**

##### 1366 ***Guidance to 2-1-a***

1367 If the organization uses a commonly known trading name or business name that is different from its  
1368 legal name, it should report this in addition to its legal name.

##### 1369 ***Guidance to 2-1-b***

1370 The nature of ownership and the legal form of the organization refers to whether it is publicly or  
1371 privately owned, and whether it is an incorporated entity, a partnership, a sole proprietorship, or  
1372 another type of entity such as a nonprofit, an association, or a charity.

##### 1373 ***Guidance to 2-1-c***

1374 Headquarters are an organization's global administrative center, the place from which it is controlled  
1375 or directed.

##### 1376 ***Guidance to 2-1-d***

1377 If the organization has reported its countries of operation elsewhere, such as in its audited  
1378 consolidated financial statements or financial information filed on public record, the organization can  
1379 provide a link or reference to this information. The organization can also report the regions, or specific  
1380 locations within countries (e.g., states, cities) where it has operations, if this provides contextual  
1381 information for understanding the organization's impacts.

### 1382 **Disclosure 2-2 Entities included in the organization's sustainability**

#### 1383 **reporting**

#### 1384 **Requirements**

1385 **The organization shall:**

- 1386 **a. list all its entities included in its sustainability reporting;**

- 1387 b. if the organization has audited consolidated financial statements or financial information  
1388 filed on public record, specify the differences between the list of entities included in its  
1389 financial reporting and the list included in its sustainability reporting;
- 1390 c. if the organization consists of multiple entities, explain the approach used for  
1391 consolidating the information, including:
- 1392 i. whether the approach involves adjustments to information for minority interests;
- 1393 ii. how the approach takes into account mergers, acquisitions, and disposal of  
1394 entities or parts of entities;
- 1395 iii. whether and how the approach differs across the disclosures in this Standard and  
1396 across material topics.

1397 **Guidance**

1398 **Guidance to 2-2-a**

1399 The entities reported under 2-2-a form the basis for reporting the disclosures in this Standard and for  
1400 determining the organization's material topics.

1401 Requirement 2-2-a includes those entities that the organization controls or has an interest in and have  
1402 been included in its sustainability reporting, such as subsidiaries, joint ventures, and affiliates,  
1403 including minority interests. The organization should report information for the same group of entities  
1404 as covered in its financial reporting, in particular its financial reporting.

1405 When determining its material topics, the organization should consider the impacts of additional  
1406 entities with which it has business relationships that are not included in the list reported under 2-2-a.  
1407 See [section 1 in GRI 3: Material Topics 2021](#) for more information.

1408 **Guidance to 2-2-a and 2-2-b**

1409 If all the entities in the organization's financial reporting are also included in its sustainability reporting,  
1410 a brief statement of this fact, including a link or reference to the list of entities included in its audited  
1411 consolidated financial statements or financial information filed on public record, is sufficient to comply  
1412 with 2-2-a and 2-2-b.

1413 The organization should separately specify any additional entities included in the sustainability  
1414 reporting that are not included in its financial reporting.

1415 **Guidance to 2-2-c**

1416 A minority interest is an ownership interest in an entity that is not controlled by the parent entity.

1417 **Disclosure 2-3 Reporting period, frequency and contact point**

1418 **Requirements**

1419 **The organization shall:**

- 1420 a. specify the reporting period for, and the frequency of, its sustainability reporting;
- 1421 b. specify the reporting period for its financial reporting and, if it does not align with the  
1422 period for its sustainability reporting, explain the reason for this;
- 1423 c. report the publication date of the report or reported information;
- 1424 d. specify the contact point for questions about the report or reported information.

1425 **Guidance**

1426 **Guidance to 2-3-a**

1427 The organization can specify the frequency of sustainability reporting as 'annual'. See the [Timeliness](#)  
1428 [principle in GRI 1: Foundation 2021](#) for more information.

1429 **Guidance to 2-3-a and 2-3-b**

1430 The reporting period refers to the time period covered by the reported information and should include  
1431 the start and end dates (e.g., 1 January 2022 to 31 December 2022, 1 July 2022 through 30 June  
1432 2023).

1433 The organization should report the information for the same reporting period as covered in its financial  
1434 reporting. The organization should also publish the information at the same time as its financial  
1435 reporting, where this is possible.

1436 **Disclosure 2-4 Restatements of information**

1437 **Requirements**

1438 **The organization shall:**

1439 **a. report restatements of information made from previous reporting periods and explain:**

1440 **i. the reasons for the restatements;**

1441 **ii. the effect of the restatements.**

1442 **Guidance**

1443 The organization should provide a restatement of information when it has learned that the previously  
1444 reported information needs to be revised. Restatements of information from previous reporting  
1445 periods can correct an error, or account for changes in measurement methodology or to the nature of  
1446 the business. Restatements of information ensure consistency and enable comparability of  
1447 information between reporting periods. See the [Comparability principle in GRI 1: Foundation 2021](#) for  
1448 more information.

1449 The organization should report the criteria it has used to determine when a change or error in  
1450 previously reported information is considered significant enough to provide a restatement. A change  
1451 or error could be significant when it influences information users' decision-making (e.g., it influences  
1452 the analysis of the changes in the organization's impacts over time).

1453 For example, if an organization adopts a new, more accurate method for measuring greenhouse gas  
1454 (GHG) emissions, it may subsequently experience a reduction in its previously reported GHG  
1455 emissions that meets the organization's restatement criteria. The organization then restates its  
1456 previously reported GHG emissions. In such a case, the organization is required to explain that it has  
1457 restated its previously reported GHG emissions due to the new measurement methodology, and that  
1458 this has resulted in lower GHG emissions than previously reported. The organization should also  
1459 report the quantitative change observed (e.g., GHG emissions are 10% lower compared to the  
1460 emissions previously reported).

1461 If the organization has not made any restatement in the reporting period, a brief statement of this fact  
1462 is sufficient to comply with the requirement.

1463 **Guidance to 2-4-a-i**

1464 Examples of reasons for restatements of information include:

- 1465
- 1466 • change of base period or length of reporting period;
  - 1467 • change in the nature of the business;
  - change in the measurement methodologies or in the definitions used;

- 1468 • disposals, mergers, or acquisitions;  
1469 • error made in previous reporting periods.

1470 **Guidance to 2-4-a-ii**

1471 The effect of the restatement refers to the consequences of the change or correction made to  
1472 previously reported information. If the restatement relates to quantitative information, the organization  
1473 should specify the quantitative change in the restated information (e.g., GHG emissions are 10%  
1474 lower compared to the level of emissions previously reported).

1475 **Disclosure 2-5 External assurance**

1476 **Requirements**

1477 **The organization shall:**

- 1478 a. **describe its policy and practice for seeking external assurance, including whether and how**  
1479 **the highest governance body and senior executives are involved;**
- 1480 b. **if the organization’s sustainability reporting has been externally assured:**
- 1481 i. **provide a link or reference to the external assurance report(s) or assurance**  
1482 **statement(s);**
- 1483 ii. **describe what has been assured and on what basis, including the assurance**  
1484 **standards used, the level of assurance obtained, and any limitations of the**  
1485 **assurance process;**
- 1486 iii. **describe the relationship between the organization and the assurance provider.**

1487 **Guidance**

1488 See [section 5.2 in GRI 1: Foundation 2021](#) for information on external assurance.

1489 **Guidance to 2-5-b-ii**

1490 If this information is covered in the external assurance reports or statements that the organization has  
1491 provided a link or a reference to under 2-5-b-i, then a brief statement of this fact is sufficient to comply  
1492 with the requirement.

1493 The organization can also describe, in accessible language:

- 1494 • the scope of information and processes covered;  
1495 • the responsibilities of the organization relative to the assurance provider;  
1496 • the opinion or conclusions formally signed off by the assurance provider;  
1497 • a summary of the work performed;  
1498 • information on the experience and qualifications of the assurance providers.

1499 **Guidance to 2-5-b-iii**

1500 An assurance provider conducting external assurance needs to demonstrate independence from the  
1501 organization to reach and publish objective and impartial conclusions about the organization’s  
1502 sustainability reporting.

## 2. Activities and workers

1503

1504 The disclosures in this section provide an overview of the organization's activities, employees, and  
1505 other workers.

### 1506 Disclosure 2-6 Activities, value chain and other business 1507 relationships

#### 1508 Requirements

1509 The organization shall:

1510 a. report the sector(s) in which it is active;

1511 b. describe its value chain, including:

1512 i. the organization's activities, products, services, and markets served;

1513 ii. the organization's supply chain;

1514 iii. the entities downstream from the organization and their activities;

1515 c. report other relevant business relationships;

1516 d. describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting  
1517 period.

#### 1518 Guidance

##### 1519 *Guidance to 2-6-a*

1520 Sectors can be identified according to categories, such as the public or private sector; or industry-  
1521 specific categories, such as the education sector or the financial sector.

1522 Depending on the organization's activities, sectors can be identified using the GRI Sector Standards  
1523 or classification systems such as the Global Industry Classification Standard (GICS®), the Industry  
1524 Classification Benchmark (ICB), the International Standard Industrial Classification of All Economic  
1525 Activities (ISIC), and the Sustainable Industry Classification System (SICS®).

##### 1526 *Guidance to 2-6-b*

1527 The organization's value chain includes the range of activities carried out by the organization, and by  
1528 entities upstream and downstream from the organization, to bring the organization's products or  
1529 services from their conception to their end use. Entities upstream from the organization are those that  
1530 provide products or services that are used in the development of the organization's own products or  
1531 services. Entities downstream from the organization are those that receive products or services from  
1532 the organization. Entities in the value chain include entities beyond the first tier, both upstream and  
1533 downstream.

1534 The information reported under 2-6-b provides a context for understanding the organization's impacts  
1535 across its value chain, including through use of its products and services. Describing the markets  
1536 served provides further information on the groups of customers targeted by the organization's  
1537 products and services.

1538 The organization is not required to provide a detailed description of each activity in its value chain.  
1539 Instead, it can provide a high-level overview of its value chain.

##### 1540 *Guidance to 2-6-b-i*

1541 When describing its activities, the organization should report its total number of operations and  
1542 explain how it defines 'operation'.



- 1543 When describing its products and services, the organization should report:
- 1544 • the quantity of products or services provided during the reporting period (e.g., number of
  - 1545 products or services provided, net sales of products or services provided);
  - 1546 • whether it sells products or services that are banned in certain markets or are the subject of
  - 1547 stakeholder concerns or public debate, including the reason for the ban or concerns, and how
  - 1548 the organization has responded to these concerns.

1549 When describing the markets served, the organization can report:

- 1550 • the geographic locations where products and services are offered;
- 1551 • the demographic or other characteristics of the markets;
- 1552 • information on the size and relative importance of the markets (e.g., net sales, net revenues).

1553 **Guidance to 2-6-b-ii**

1554 The organization can describe:

- 1555 • the types of suppliers (e.g., brokers, contractors, wholesalers);
- 1556 • the estimated number of suppliers throughout its supply chain and in each tier (e.g., first tier,
- 1557 second tier);
- 1558 • the types of activities related to the organization's products and services carried out by its
- 1559 suppliers (e.g., manufacturing, providing consulting services);
- 1560 • the nature of its business relationships with its suppliers (e.g., long-term or short-term,
- 1561 contractual or non-contractual, project-based or event-based);
- 1562 • the sector-specific characteristics of its supply chain (e.g., labor-intensive);
- 1563 • the estimated monetary value of payments made to its suppliers;
- 1564 • the geographic location of its suppliers.

1565 **Guidance to 2-6-b-iii**

1566 The organization can describe:

- 1567 • the types of downstream entities (e.g., customers, beneficiaries);
- 1568 • the estimated number of downstream entities;
- 1569 • the types of activities related to the organization's products and services carried out by the
- 1570 downstream entities (e.g., manufacturing, wholesale, retail);
- 1571 • the nature of its business relationships with the downstream entities (e.g., long-term or short-
- 1572 term, contractual or non-contractual, project-based or event-based);
- 1573 • the geographic location of the downstream entities.

1574 **Guidance to 2-6-c**

1575 Other relevant business relationships include relationships that the organization has with entities that

1576 are not described as part of its value chain under 2-6-b. These may include business partners (e.g.,

1577 joint ventures) and other entities directly linked to the organization's operations, products, or services

1578 (for examples, see the note in the definition of 'business relationships').

1579 The organization can report the types of entities, their activities, and their geographic location.

1580 **Guidance to 2-6-d**

1581 Requirement 2-6-d entails describing significant changes in the organization's sectors, value chain,

1582 and other business relationships compared to the previous reporting period. This information can help

1583 explain changes to the organization's impacts. Examples of significant changes that can be reported

1584 under this disclosure are changes in activities such as the opening, closing, or expansion of facilities;

1585 changes in the structure of the organization's supply chain or in its relationships with suppliers,

1586 including selection and termination; or changes in the location of its suppliers.

## 1587 Disclosure 2-7 Employees

### 1588 Requirements

1589 The organization shall:

- 1590 a. report the total number of employees, and a breakdown of this total by gender and by  
1591 region;
- 1592 b. report the total number of:
- 1593 i. permanent employees, and a breakdown by gender and by region;
  - 1594 ii. temporary employees, and a breakdown by gender and by region;
  - 1595 iii. non-guaranteed hours employees, and a breakdown by gender and by region;
  - 1596 iv. full-time employees, and a breakdown by gender and by region;
  - 1597 v. part-time employees, and a breakdown by gender and by region;
- 1598 c. describe the methodologies and assumptions used to compile the data, including whether  
1599 the numbers are reported:
- 1600 i. in head count, full-time equivalent (FTE), or using another methodology;
  - 1601 ii. at the end of the reporting period, as an average across the reporting period, or  
1602 using another methodology;
- 1603 d. report contextual information necessary to understand the data reported under 2-7-a and  
1604 2-7-b;
- 1605 e. describe significant fluctuations in the number of employees during the reporting period  
1606 and between reporting periods.

### 1607 Guidance

1608 This disclosure, together with [Disclosure 2-8](#), gives insight into the organization's approach to  
1609 employment, as well as the scope and nature of impacts arising from its employment practices. It also  
1610 provides contextual information that aids an understanding of the information reported in other  
1611 disclosures, and it serves as the basis for calculation in other disclosures, such as [Disclosure 2-21](#)  
1612 [Annual total compensation ratio](#) and [Disclosure 2-30 Collective bargaining agreements](#) in this  
1613 Standard.

1614 This disclosure covers all employees who perform work for any of the organization's entities included  
1615 in its sustainability reporting as reported under [Disclosure 2-2](#) in this Standard.

1616 See references [7], [19], [22], [23], [24], [26], and [30] in the Bibliography.

#### 1617 **Guidance to 2-7-a**

1618 An employee is an individual who is in an employment relationship with the organization according to  
1619 national law or practice.

1620 Providing a breakdown of employees by gender gives insight into gender representation across the  
1621 organization. Providing a breakdown of employees by region gives insight into regional variations.  
1622 Region can refer to a country or to other geographic locations, such as cities or world regions.

1623 See [Table 1](#) and [Table 2](#) of this Standard for examples of how to present this information.

#### 1624 **Guidance to 2-7-b**

1625 The definitions of permanent, temporary, non-guaranteed hours, full-time, and part-time employees  
1626 differ between countries. If the organization has employees in more than one country, it should use

1627 the definitions as per the national laws of the countries where the employees are based to calculate  
1628 country-level data. The country-level data should then be added up to calculate total numbers,  
1629 disregarding differences in national legal definitions.

1630 Non-guaranteed hours employees are employed by the organization without a guarantee of a  
1631 minimum or fixed number of working hours. The employee may need to make themselves available  
1632 for work as required, but the organization is not contractually obligated to offer the employee a  
1633 minimum or fixed number of working hours per day, week, or month. Casual employees, employees  
1634 with zero-hour contracts, and on-call employees are examples that fall under this category.

1635 If the organization is unable to report exact figures, it can report estimates of the number of  
1636 employees to the nearest ten or, where the number of employees is greater than 1,000, to the nearest  
1637 100, and explain this under 2-7-c.

1638 See [Table 1](#) and [Table 2](#) of this Standard for examples of how to present this information.

#### 1639 **Guidance to 2-7-c**

1640 The organization can report the total number of employees and the number of permanent, temporary,  
1641 non-guaranteed hours, full-time, and part-time employees in head count or full-time equivalent (FTE).  
1642 Reporting these numbers in head count gives insight into the number of individual employees,  
1643 whether on a full-time or part-time basis. Reporting these numbers in FTE gives insight into the hours  
1644 worked.

1645 The organization can use another methodology for reporting these numbers.

1646 Reporting the number of employees at the end of the reporting period provides information for that  
1647 point in time, without capturing fluctuations during the reporting period. Reporting these numbers in  
1648 averages across the reporting period takes into account fluctuations during the reporting period.

#### 1649 **Guidance to 2-7-d**

1650 Quantitative data, such as the number of temporary or part-time employees, is unlikely to be sufficient  
1651 on its own. For example, a high proportion of temporary or part-time employees could indicate lack of  
1652 employment security for employees, but it could equally signal workplace flexibility when offered as a  
1653 voluntary choice. For this reason, the organization is required to report contextual information to help  
1654 information users interpret the data.

1655 The organization can explain the reasons for temporary employment. An example of such a reason is  
1656 the recruitment of employees to undertake work on a temporary or seasonal project or event. Another  
1657 example is that it is standard practice to offer a temporary contract (e.g., 6 months) to new employees  
1658 prior to the offer of permanent employment. The organization can also explain the reasons for non-  
1659 guaranteed hours employment.

1660 The organization can explain how it defines full-time employment. If the organization has employees  
1661 in more than one country, it can report the definitions of full-time employment it uses for the regions  
1662 that cover these countries. The organization can also explain the reasons for part-time employment.  
1663 Examples of such reasons are to accommodate employees' requests to work reduced hours, or  
1664 because the organization is unable to provide full-time employment to all employees.

1665 If there are differences in permanent, temporary, non-guaranteed hours, full-time, and part-time  
1666 employment between genders or between regions, the organization can explain the reasons for these  
1667 differences.

#### 1668 **Guidance to 2-7-e**

1669 Requirement 2-7-e enables the organization to explain how the numbers of employees vary during  
1670 the reporting period or in comparison to the previous reporting periods (i.e., whether the numbers  
1671 have increased or decreased). It can also include the reasons for the fluctuations. For example, an  
1672 increase in the number of employees during the reporting period could be due to a seasonal event. A  
1673 decrease in the number of employees in comparison to the previous reporting period could be due to  
1674 the completion of a temporary project.

1675 It is up to the organization to determine which fluctuations in the number of employees it considers  
1676 significant to report under 2-7-e. The organization should report its threshold for determining  
1677 significant fluctuations.

1678 If there are no significant fluctuations in the number of employees during the reporting period or  
 1679 between reporting periods, a brief statement of this fact is sufficient to comply with the requirement.

1680 **Table 1. Example template for presenting information on employees by gender**

[Reporting period]	
Number of employees (head count / FTE)	
Total	[Number]
Female	[Number]
Male	[Number]
Other gender category*	[Number]
Not disclosed	[Number]
Number of permanent employees (head count / FTE)	
Total	[Number]
Female	[Number]
Male	[Number]
Other gender category*	[Number]
Not disclosed	[Number]
Number of temporary employees (head count / FTE)	
Total	[Number]
Female	[Number]
Male	[Number]
Other gender category*	[Number]
Not disclosed	[Number]
Number of non-guaranteed hours employees (head count / FTE)	
Total	[Number]
Female	[Number]
Male	[Number]
Other gender category*	[Number]
Not disclosed	[Number]
Number of full-time employees (head count / FTE)	
Total	[Number]
Female	[Number]

Male	[Number]
Other gender category*	[Number]
Not disclosed	[Number]
Number of part-time employees (head count / FTE)	
Total	[Number]
Female	[Number]
Male	[Number]
Other gender category*	[Number]
Not disclosed	[Number]

1681 \* As specified by the employees themselves.

This document does not represent an official position of the GSSB

1682 **Table 2. Example template for presenting information on employees by region**

[Reporting period]	
Number of employees (head count / FTE)	
Total	[Number]
Region A	[Number]
Region B	[Number]
Number of permanent employees (head count / FTE)	
Total	[Number]
Region A	[Number]
Region B	[Number]
Number of temporary employees (head count / FTE)	
Total	[Number]
Region A	[Number]
Region B	[Number]
Number of non-guaranteed hours employees (head count / FTE)	
Total	[Number]
Region A	[Number]
Region B	[Number]
Number of full-time employees (head count / FTE)	
Total	[Number]
Region A	[Number]
Region B	[Number]
Number of part-time employees (head count / FTE)	
Total	[Number]
Region A	[Number]
Region B	[Number]

1683 **Disclosure 2-8 Workers who are not employees**

1684 **Requirements**

1685 **The organization shall:**

1686 **a. report the total number of workers who are not employees and whose work is controlled**  
1687 **by the organization and describe:**

1688 **i. the most common types of worker and their contractual relationship with the**  
1689 **organization;**

1690 **ii. the type of work they perform;**

1691 **b. describe the methodologies and assumptions used to compile the data, including whether**  
1692 **the number of workers who are not employees is reported:**

1693 **i. in head count, full-time equivalent (FTE), or using another methodology;**

1694 **ii. at the end of the reporting period, as an average across the reporting period, or**  
1695 **using another methodology;**

1696 **c. describe significant fluctuations in the number of workers who are not employees during**  
1697 **the reporting period and between reporting periods.**

1698 **Guidance**

1699 This disclosure provides an understanding of how much the organization relies on workers who are  
1700 not employees to perform its work, in comparison to employees. This information is important for  
1701 understanding how many workers in total perform work for the organization, because workers who are  
1702 not employees are not represented in employment figures reported under [Disclosure 2-7](#).

1703 Disclosure 2-8, together with Disclosure 2-7, gives insight into the organization's approach to  
1704 employment, as well as the scope and nature of impacts arising from its employment practices. It also  
1705 provides contextual information that aids an understanding of the information reported in other  
1706 disclosures.

1707 This disclosure covers all workers who are not employees and whose work is controlled by any of the  
1708 organization's entities included in its sustainability reporting as reported under [Disclosure 2-2](#) in this  
1709 Standard.

1710 If all the workers performing work for the organization are employees and the organization does not  
1711 engage any workers who are not employees, a brief statement of this fact is sufficient to comply with  
1712 the requirements under this disclosure.

1713 See references [7], [19], [22], [23], [24], [26], and [30] in the Bibliography.

1714 **Guidance to 2-8-a**

1715 Workers who are not employees are those who perform work for the organization but are not in an  
1716 employment relationship with the organization.

1717 This disclosure requires the organization to report the number of workers who are not employees and  
1718 whose work is controlled by the organization. Control of work implies that the organization directs the  
1719 work performed or has control over the means or methods for performing the work.

1720 The organization might have sole control of the work or share control with one or more organizations  
1721 (e.g., suppliers, customers, or other business partners, such as in joint ventures). Types of workers  
1722 who are not employees and whose work is controlled by the organization include agency workers,  
1723 apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, and  
1724 volunteers. The organization should report how it has determined when it has control of the work for  
1725 workers who are not employees.

1726 The following are examples of workers who are not employees and whose work is controlled by the  
 1727 organization. The following workers are included under this disclosure:

- 1728 • Contractors hired by the organization to perform work at the organization's workplace, in a  
 1729 public area (e.g., on a road), or directly at the workplace of the organization's client.
- 1730 • Workers of one of the organization's supplier, where the organization instructs the supplier to  
 1731 use particular materials or work methods in manufacturing the products or delivering the  
 1732 services.
- 1733 • Volunteers or interns performing work for the organization.

1734 The following are examples of workers who are not employees and whose work is not controlled by  
 1735 the organization. The following workers are not included under this disclosure:

- 1736 • Workers of an equipment supplier to the organization who perform regular maintenance on  
 1737 the supplier's equipment (e.g., photocopy machines at the organization's workplace) as  
 1738 stipulated in the contract between the equipment supplier and the organization.
- 1739 • Workers of one of the organization's supplier, if the organization sources standard products  
 1740 that are manufactured using the supplier's production methods (e.g., purchasing stationery  
 1741 that is a standard product of the supplier).

1742 If the organization is unable to report exact figures, it can report estimates of the number of workers  
 1743 who are not employees to the nearest ten or, where the number of workers who are not employees is  
 1744 greater than 1,000, to the nearest 100, and explain this under 2-8-b.

1745 **Guidance to 2-8-a-i and 2-8-a-ii**

1746 When reporting its contractual relationship with the most common types of worker, the organization  
 1747 should report whether it engages them directly or indirectly through a third party, and in the latter  
 1748 case, who this third party is (e.g., employment agency, contractor).

1749 It is sufficient that the organization provides a general description. The organization is not required to  
 1750 report the type of worker, contractual relationship, and work performed for every worker who is not an  
 1751 employee.

1752 **Guidance to 2-8-b**

1753 The organization can report the number of workers who are not employees in head count or full-time  
 1754 equivalent (FTE). The head count gives insight into the number of individual workers, whether on a  
 1755 full-time or part-time basis. The FTE gives insight into the hours worked. The organization can use  
 1756 another methodology for reporting this number.

1757 Reporting the number of workers who are not employees at the end of the reporting period provides  
 1758 information for that point in time, without capturing fluctuations during the reporting period. Reporting  
 1759 this number as an average across the reporting period takes into account fluctuations during the  
 1760 reporting period.

1761 **Guidance to 2-8-c**

1762 Requirement 2-8-c enables the organization to explain how the number of workers who are not  
 1763 employees varies during the reporting period or in comparison to previous reporting periods (i.e.,  
 1764 whether the numbers have increased or decreased). It can also include the reasons for the  
 1765 fluctuations. For example, an increase in the number of workers who are not employees during the  
 1766 reporting period could be due to a seasonal event. A decrease in the number of workers who are not  
 1767 employees in comparison to the previous reporting period could be due to the completion of a  
 1768 temporary project.

1769 It is up to the organization to determine which fluctuations in the number of workers it considers  
 1770 significant to report under 2-8-c. The organization should report its threshold for determining  
 1771 significant fluctuations.

1772 If there are no significant fluctuations in the number of workers who are not employees during the  
 1773 reporting period or between reporting periods, a brief statement of this fact is sufficient to comply with  
 1774 the requirement.



### 1775 3. Governance

1776 The disclosures in this section provide information about the organization's governance structure,  
1777 composition, knowledge, roles, and remuneration.

1778 The information reported under these disclosures is important for an understanding of how the  
1779 management of the organization's impacts on the economy, environment, and people, including  
1780 impacts on their human rights, is integrated into the organization's strategy and operations. It  
1781 addresses how the governance bodies are set up and how well equipped they are to oversee the  
1782 management of the organization's impacts. It also facilitates an understanding of the role and the  
1783 responsibilities of governance bodies with respect to these impacts.

1784 If the organization intends to publish a standalone sustainability report, it does not need to repeat  
1785 information that it has already reported publicly elsewhere, such as on web pages or in its annual  
1786 report. In such a case, the organization can report a required disclosure by providing a reference in  
1787 the GRI content index as to where this information can be found (e.g., by providing a link to the web  
1788 page or citing the page in the annual report where the information has been published).

#### 1789 Disclosure 2-9 Governance structure and composition

##### 1790 Requirements

1791 The organization shall:

- 1792 a. describe its governance structure, including committees of the highest governance body;
- 1793 b. list the committees of the highest governance body that are responsible for decision-  
1794 making on and overseeing the management of the organization's impacts on the economy,  
1795 environment, and people;
- 1796 c. describe the composition of the highest governance body and its committees by:
- 1797 i. executive and non-executive members;
  - 1798 ii. independence;
  - 1799 iii. tenure of members on the governance body;
  - 1800 iv. number of other significant positions and commitments held by each member, and  
1801 the nature of the commitments;
  - 1802 v. gender;
  - 1803 vi. under-represented social groups;
  - 1804 vii. competencies relevant to the impacts of the organization;
  - 1805 viii. stakeholder representation.

##### 1806 Guidance

##### 1807 Guidance to 2-9-c

1808 The organization can describe the composition of the highest governance body and its committees by  
1809 additional indicators of diversity, such as age, ancestry and ethnic origin, citizenship, creed, disability,  
1810 or any other indicators of diversity that are relevant for reporting.

##### 1811 Guidance to 2-9-c-ii

1812 'Independence' refers to conditions that enable the members of the highest governance body to  
1813 exercise independent judgement free from any external influence or conflicts of interest. See

1814 reference [20] in the Bibliography for more information on independence criteria for governance  
1815 bodies.

1816 **Guidance to 2-9-c-iv**

1817 A position or commitment held by a highest governance body member is significant when the time  
1818 and attention it demands compromises the member's ability to perform its duties in the organization.  
1819 Significant positions can include cross-board memberships.

1820 **Guidance to 2-9-c-vii**

1821 Competencies relevant to the impacts of the organization include competencies relevant to impacts  
1822 commonly associated with the organization's sectors, products, and geographic locations.

1823 **Disclosure 2-10 Nomination and selection of the highest**  
1824 **governance body**

1825 **Requirements**

1826 **The organization shall:**

- 1827 a. describe the nomination and selection processes for the highest governance body and its  
1828 committees;
- 1829 b. describe the criteria used for nominating and selecting highest governance body  
1830 members, including whether and how the following are taken into consideration:
- 1831 i. views of stakeholders (including shareholders);
- 1832 ii. diversity;
- 1833 iii. independence;
- 1834 iv. competencies relevant to the impacts of the organization.

1835 **Guidance**

1836 **Guidance to 2-10-b-iii**

1837 'Independence' refers to conditions that enable the members of the highest governance body to  
1838 exercise independent judgement free from any external influence or conflicts of interest. See  
1839 reference [20] in the Bibliography for more information on independence criteria for governance  
1840 bodies.

1841 **Guidance to 2-10-b-iv**

1842 Competencies relevant to the impacts of the organization include competencies relevant to impacts  
1843 commonly associated with the organization's sectors, products, and geographic locations.

1844 **Disclosure 2-11 Chair of the highest governance body**

1845 **Requirements**

1846 **The organization shall:**

- 1847 a. report whether the chair of the highest governance body is also a senior executive in the  
1848 organization;

- 1849 b. if the chair is also a senior executive, explain their function within the organization's  
1850 management, the reasons for this arrangement, and how conflicts of interest are prevented  
1851 and mitigated.

## 1852 Disclosure 2-12 Role of the highest governance body in overseeing 1853 the management of impacts

### 1854 Requirements

1855 The organization shall:

- 1856 a. describe the role of the highest governance body and of senior executives in developing,  
1857 approving, and updating the organization's purpose, value or mission statements,  
1858 strategies, policies, and goals related to sustainable development;
- 1859 b. describe the role of the highest governance body in overseeing the organization's due  
1860 diligence and other processes to identify and manage the organization's impacts on the  
1861 economy, environment, and people, including:
- 1862 i. whether and how the highest governance body engages with stakeholders to  
1863 support these processes;
- 1864 ii. how the highest governance body considers the outcomes of these processes;
- 1865 c. describe the role of the highest governance body in reviewing the effectiveness of the  
1866 organization's processes as described in 2-12-b, and report the frequency of this review.

### 1867 Guidance

1868 For more information about the role of the highest governance body in overseeing the management of  
1869 the organization's impacts, see reference [20] in the Bibliography.

#### 1870 *Guidance to 2-12-b-i*

1871 Requirement 2-12-b-i covers the role of the highest governance body in stakeholder engagement.  
1872 The organization is also required to report information about stakeholder engagement under other  
1873 disclosures, such as under the disclosures in [section 5](#) of this Standard.

1874 The organization can describe the frequency of engagement between the highest governance body  
1875 and stakeholders as well as the means of engagement. If stakeholder engagement is delegated, the  
1876 organization can report to whom it is delegated, and how the feedback received is provided to the  
1877 highest governance body.

## 1878 Disclosure 2-13 Delegation of responsibility for managing impacts

### 1879 Requirements

1880 The organization shall:

- 1881 a. describe how the highest governance body delegates responsibility for managing the  
1882 organization's impacts on the economy, environment, and people, including:
- 1883 i. whether it has appointed any senior executives with responsibility for the  
1884 management of impacts;
- 1885 ii. whether it has delegated responsibility for the management of impacts to other  
1886 employees;

- 1887 b. describe the process and frequency for senior executives or other employees to report  
1888 back to the highest governance body on the management of the organization's impacts on  
1889 the economy, environment, and people.

## 1890 Disclosure 2-14 Role of the highest governance body in 1891 sustainability reporting

### 1892 Requirements

1893 The organization shall:

- 1894 a. report whether the highest governance body is responsible for reviewing and approving  
1895 the reported information, including the organization's material topics, and if so, describe  
1896 the process for reviewing and approving the information;
- 1897 b. if the highest governance body is not responsible for reviewing and approving the  
1898 reported information, including the organization's material topics, explain the reason for  
1899 this.

### 1900 Guidance

1901 The organization can report whether the highest governance body has established a sustainability  
1902 reporting committee to support the highest governance body's review and approval process. The  
1903 organization can also report whether the highest governance body reviews the adequacy of the  
1904 organization's internal controls to strengthen the integrity and credibility of the organization's  
1905 sustainability reporting (see [section 5.2 in GRI 1: Foundation 2021](#) for more information). The  
1906 involvement of the highest governance body and senior executives in developing the organization's  
1907 policy and practice for seeking external assurance is reported under [Disclosure 2-5](#) in this Standard.

## 1908 Disclosure 2-15 Conflicts of interest

### 1909 Requirements

1910 The organization shall:

- 1911 a. describe the processes for the highest governance body to ensure that conflicts of interest  
1912 are prevented and mitigated;
- 1913 b. report whether conflicts of interest are disclosed to stakeholders, including, at a minimum,  
1914 conflicts of interest relating to:
- 1915 i. cross-board membership;
  - 1916 ii. cross-shareholding with suppliers and other stakeholders;
  - 1917 iii. existence of controlling shareholders;
  - 1918 iv. related parties, their relationships, transactions, and outstanding balances.

### 1919 Guidance

1920 See reference [20] in the Bibliography.

#### 1921 *Guidance to 2-15-b-iii*

1922 The organization should use the definition of controlling shareholder applied in the organization's  
1923 consolidated financial statements or equivalent documents.

1924 **Disclosure 2-16 Communication of critical concerns**

1925 **Requirements**

1926 **The organization shall:**

- 1927 a. describe whether and how critical concerns are communicated to the highest governance  
1928 body;
- 1929 b. report the total number and the nature of critical concerns that were communicated to the  
1930 highest governance body during the reporting period.

1931 **Guidance**

1932 Critical concerns include concerns about the organization's potential and actual negative impacts on  
1933 stakeholders raised through grievance mechanisms and other processes. They also include  
1934 concerns, identified through other mechanisms, about the organization's business conduct in its  
1935 operations and its business relationships. See guidance to [Disclosure 2-25](#) and [Disclosure 2-26](#) in this  
1936 Standard for more information.

1937 **Disclosure 2-17 Collective knowledge of the highest governance**  
1938 **body**

1939 **Requirements**

1940 **The organization shall:**

- 1941 a. report measures taken to advance the collective knowledge, skills, and experience of the  
1942 highest governance body on sustainable development.

1943 **Disclosure 2-18 Evaluation of the performance of the highest**  
1944 **governance body**

1945 **Requirements**

1946 **The organization shall:**

- 1947 a. describe the processes for evaluating the performance of the highest governance body in  
1948 overseeing the management of the organization's impacts on the economy, environment,  
1949 and people;
- 1950 b. report whether the evaluations are independent or not, and the frequency of the  
1951 evaluations;
- 1952 c. describe actions taken in response to the evaluations, including changes to the  
1953 composition of the highest governance body and organizational practices.

1954 **Disclosure 2-19 Remuneration policies**

1955 **Requirements**

1956 **The organization shall:**

1957 **a. describe the remuneration policies for members of the highest governance body and**  
1958 **senior executives, including:**

1959 **i. fixed pay and variable pay;**

1960 **ii. sign-on bonuses or recruitment incentive payments;**

1961 **iii. termination payments;**

1962 **iv. clawbacks;**

1963 **v. retirement benefits;**

1964 **b. describe how the remuneration policies for members of the highest governance body and**  
1965 **senior executives relate to their objectives and performance in relation to the management**  
1966 **of the organization's impacts on the economy, environment, and people.**

1967 **Guidance**

1968 ***Guidance to 2-19-a-i***

1969 Fixed pay and variable pay can include performance-based pay, equity-based pay, bonuses, and  
1970 deferred and vested shares.

1971 If the organization uses performance-based pay, it should describe how remuneration for senior  
1972 executives is designed to reward long-term performance.

1973 ***Guidance to 2-19-a-iii***

1974 Termination payments are all payments and benefits given to a departing member of the highest  
1975 governance body or senior executive whose appointment is terminated. Termination payments extend  
1976 beyond monetary payments, from transferring property to automatic or accelerated vesting of  
1977 incentives.

1978 If the organization provides termination payments, it should explain whether:

1979 • notice periods for highest governance body members and senior executives are different from  
1980 those for other employees;

1981 • termination payments for highest governance body members and senior executives are  
1982 different from those for other employees;

1983 • departing highest governance body members and senior executives receive payments other  
1984 than those related to the notice period;

1985 • any mitigation clauses that are included in the termination arrangements.

1986 ***Guidance to 2-19-a-iv***

1987 Clawbacks are repayments of previously received compensation that a highest governance body  
1988 member or senior executive is required to make to their employer in the event that certain conditions  
1989 of employment or goals are not met.

1990 ***Guidance to 2-19-a-v***

1991 The organization should report the differences between the retirement benefit schemes and the  
1992 contribution rates for the highest governance body members, senior executives, and all other  
1993 employees.

1994 **Disclosure 2-20 Process to determine remuneration**

1995 **Requirements**

1996 **The organization shall:**

- 1997 a. describe the process for designing its remuneration policies and for determining  
1998 remuneration, including:
- 1999 i. whether independent **highest governance body** members or an independent  
2000 remuneration committee oversees the process for determining remuneration;
  - 2001 ii. how the views of **stakeholders** (including shareholders) regarding remuneration  
2002 are sought and taken into consideration;
  - 2003 iii. whether remuneration consultants are involved in determining remuneration and, if  
2004 so, whether they are independent from the organization, its highest governance  
2005 body and **senior executives**;
- 2006 b. report the results of votes of stakeholders (including shareholders) on remuneration  
2007 policies and proposals, if applicable.

2008 **Guidance**

2009 Remuneration policies are established to ensure that the remuneration arrangements help recruit,  
2010 motivate, and retain highest governance body members, senior executives, and other **employees**,  
2011 while supporting the organization's strategy and its contribution to **sustainable development**, and  
2012 aligning with the interests of stakeholders.

2013 **Disclosure 2-21 Annual total compensation ratio**

2014 **Requirements**

2015 **The organization shall:**

- 2016 a. report the ratio of the annual total compensation for the organization's highest-paid  
2017 individual to the median annual total compensation for all **employees** (excluding the  
2018 highest-paid individual);
- 2019 b. report the ratio of the percentage increase in annual total compensation for the  
2020 organization's highest-paid individual to the median percentage increase in annual total  
2021 compensation for all employees (excluding the highest-paid individual);
- 2022 c. report contextual information necessary to understand the data and how the data has been  
2023 compiled.

2024 **Guidance**

2025 **Guidance to 2-21-a and 2-21-b**

2026 This disclosure covers all employees as reported under [Disclosure 2-7](#) in this Standard.

2027 Annual total compensation includes salary, bonus, stock awards, option awards, non-equity incentive  
2028 plan compensation, change in pension value, and nonqualified deferred compensation earnings  
2029 provided over the course of a year. When calculating the ratio, the organization should, depending on  
2030 the organization's remuneration policies and availability of data, consider all of the following:

- 2031 • Base salary, which is the sum of guaranteed, short-term, and non-variable cash  
2032 compensation.

2033 • Total cash compensation, which is the sum of the base salary and cash allowances, bonuses,  
2034 commissions, cash profit-sharing, and other forms of variable cash payments.

2035 • Direct compensation, which is the sum of total cash compensation and total fair value of all  
2036 annual long-term incentives (e.g., stock option awards, restricted stock shares or units,  
2037 performance stock shares or units, phantom stock shares, stock appreciation rights, long-term  
2038 cash awards).

2039 The annual total compensation ratio can be calculated using the following formula:

$$2040 \frac{\text{Annual total compensation for the organization's highest paid-individual}}{\text{Median annual total compensation for all of the organization's employees excluding the highest-paid individual}}$$

2041 The change in the annual total compensation ratio can be calculated using the following formula:

$$2042 \frac{\text{Percentage increase in annual total compensation for the organization's highest paid-individual}}{\text{Median percentage increase in annual total compensation for all of the organization's employees excluding the highest-paid individual}}$$

2043 **Guidance to 2-21-c**

2044 Quantitative data, such as the annual total compensation ratio, may not be sufficient on its own to  
2045 understand pay disparity and its drivers. For example, pay ratios can be influenced by the size of the  
2046 organization (e.g., revenue, number of employees), its sector, its employment strategy (e.g., reliance  
2047 on outsourced workers or part-time employees, a high degree of automation), or currency volatility.

2048 The difference in pay disparity reported over the years may be the result of a change in the  
2049 organization's compensation policy or the level of compensation for its highest paid individual or  
2050 employees, a change in calculation methodology (e.g., selection of the median annual total  
2051 compensation, inclusions or exclusions) or an improvement in data collection processes. For this  
2052 reason, the organization is required to report contextual information to help information users interpret  
2053 the data and understand how it has been compiled.

2054 The organization should provide the following contextual information:

- 2055 • Whether any employees reported under [Disclosure 2-7](#) in this Standard have been excluded.
- 2056 • Whether full-time equivalent (FTE) pay rates are used for each part-time employee.
- 2057 • A list of the types of compensation included.
- 2058 • The title of the highest-paid individual.



## 2059 4. Strategy, policies and practices

2060 The disclosures in this section provide information about the organization's sustainable development  
2061 strategy and its policies and practices for responsible business conduct. The disclosures are based  
2062 on expectations for businesses contained in authoritative intergovernmental instruments.<sup>1</sup>

2063 Expectations for responsible business conduct include complying with laws and regulations;  
2064 respecting all internationally recognized human rights, including the rights of workers; and protecting  
2065 the environment and public health and safety. The expectations also cover combating bribery, bribe  
2066 solicitation, extortion, and other forms of corruption; adhering to good tax practices; and conducting  
2067 due diligence to identify, prevent, mitigate, and account for how the organization addresses its  
2068 negative impacts on the economy, environment, and people, including impacts on their human rights.

2069 In the disclosures in this section, the organization is required to report information about its overall  
2070 policies and practices for responsible business conduct, rather than information for specific material  
2071 topics. [Disclosure 3-3 in GRI 3: Material Topics 2021](#) requires information about how the organization  
2072 manages each material topic. If the organization has described its policies and practices for a material  
2073 topic under the disclosures in this section, it can provide a reference to this information under  
2074 Disclosure 3-3 in *GRI 3* and does not need to repeat the information.

### 2075 Disclosure 2-22 Statement on sustainable development strategy

#### 2076 Requirements

2077 The organization shall:

2078 a. report a statement from the highest governance body or most senior executive of the  
2079 organization about the relevance of sustainable development to the organization and its  
2080 strategy for contributing to sustainable development.

#### 2081 Guidance

2082 The organization should describe:

- 2083 • its short, medium, and long-term vision and strategy to manage its impacts on the economy,  
2084 environment, and people, including impacts on their human rights, across the organization's  
2085 activities and business relationships;
- 2086 • how its purpose, business strategy, and business model aim to prevent negative impacts and  
2087 achieve positive impacts on the economy, environment, and people;
- 2088 • its short and medium-term strategic priorities for contributing to sustainable development,  
2089 including how the priorities are aligned with authoritative intergovernmental instruments;
- 2090 • the broader trends (e.g., macroeconomic, social, political) affecting the organization and its  
2091 strategy for contributing to sustainable development;
- 2092 • the key events, achievements, and failures associated with the organization's contribution to  
2093 sustainable development during the reporting period;

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<sup>1</sup> These instruments include the *International Labour Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* [9]; the *Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises* [12]; the *OECD Due Diligence Guidance for Responsible Business Conduct* [11]; and the *United Nations (UN) Guiding Principles on Business and Human Rights* [14]. These instruments are in turn based on international legal instruments, such as the *United Nations (UN) International Bill of Human Rights* [15] and the ILO conventions.

- 2094 • a view of performance against goals and targets related to the organization's material topics
- 2095 during the reporting period;
- 2096 • the organization's main challenges, goals, and targets regarding its contribution to sustainable
- 2097 development for the next year and the coming three to five years.

## 2098 Disclosure 2-23 Policy commitments

### 2099 Requirements

#### 2100 The organization shall:

- 2101 a. describe its policy commitments for responsible business conduct, including:
  - 2102 i. the authoritative intergovernmental instruments that the commitments reference;
  - 2103 ii. whether the commitments stipulate conducting due diligence;
  - 2104 iii. whether the commitments stipulate applying the precautionary principle;
  - 2105 iv. whether the commitments stipulate respecting human rights;
- 2106 b. describe its specific policy commitment to respect human rights, including:
  - 2107 i. the internationally recognized human rights that the commitment covers;
  - 2108 ii. the categories of stakeholders, including at-risk or vulnerable groups, that the
  - 2109 organization gives particular attention to in the commitment;
- 2110 c. provide links to the policy commitments if publicly available, or, if the policy commitments
- 2111 are not publicly available, explain the reason for this;
- 2112 d. report the level at which each of the policy commitments was approved within the
- 2113 organization, including whether this is the most senior level;
- 2114 e. report the extent to which the policy commitments apply to the organization's own
- 2115 activities and to its business relationships;
- 2116 f. describe how the policy commitments are communicated to workers, business partners,
- 2117 and other relevant parties.

### 2118 Guidance

2119 This disclosure covers the organization's policy commitments for responsible business conduct,

2120 including the commitment to respect human rights. These commitments can be set out in a stand-

2121 alone policy document or they can be included within one or more other policy documents, such as

2122 codes of conduct.

2123 The *Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational*

2124 *Enterprises* [12], the *OECD Due Diligence Guidance for Responsible Business Conduct* [11], and the

2125 *United Nations (UN) Guiding Principles on Business and Human Rights* [14] set out expectations for

2126 organizations in relation to these policy commitments.

#### 2127 **Guidance to 2-23-a**

2128 The organization should report the expectations, values, principles, and norms of behavior set out in

2129 the policy commitments.

2130 The organization can also report how the policy commitments were developed, including the internal

2131 and external expertise that informed the policy commitments.

#### 2132 **Guidance to 2-23-a-i**

2133 See the [Bibliography](#) for a list of authoritative intergovernmental instruments for responsible business

2134 conduct.

2135 The organization can also make a reference to other standards or initiatives that it participates in.

2136 **Guidance to 2-23-a-iii**

2137 The precautionary principle is set out in Principle 15 of the *UN Rio Declaration on Environment and*  
2138 *Development* [18]. It states: ‘Where there are threats of serious or irreversible damage, lack of full  
2139 scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent  
2140 environmental degradation.’

2141 The precautionary principle means taking early action to prevent and mitigate potential negative  
2142 impacts in situations where conclusive scientific understanding or evidence is lacking but there is  
2143 sufficient reason to expect serious or irreversible damage.

2144 While the precautionary principle is most often associated with the protection of the environment, it  
2145 can be applied to other areas, such as health and safety. The organization can describe the areas  
2146 where it applies the precautionary principle.

2147 The application of the precautionary principle can be reported under 3-3-d-i in *GRI 3: Material Topics*  
2148 *2021*, as part of the organization’s actions to prevent or mitigate potential negative impacts for each  
2149 material topic.

2150 **Guidance to 2-23-b-i**

2151 Human rights are rights inherent to all human beings and are all interrelated, interdependent, and  
2152 indivisible.

2153 The internationally recognized human rights include, at a minimum, the rights set out in the *UN*  
2154 *International Bill of Human Rights* [15] and the principles concerning fundamental rights set out in the  
2155 *International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work*  
2156 [5]. The *UN International Bill of Human Rights* consists of the *Universal Declaration of Human Rights*,  
2157 the *International Covenant on Economic, Social and Cultural Rights*, and the *International Covenant*  
2158 *on Civil and Political Rights* and its two Optional Protocols.

2159 Other UN instruments elaborate further on the rights of indigenous peoples; women; national or  
2160 ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and  
2161 their families. There are also standards of international humanitarian law that apply in situations of  
2162 armed conflict, such as the International Committee of the Red Cross (ICRC) Geneva Conventions of  
2163 1949 [1].<sup>2</sup>

2164 At the regional level, binding treaties as well as non-binding instruments provide region-specific  
2165 frameworks for human rights.<sup>3</sup>

2166 If the policy commitment covers all internationally recognized human rights, a brief statement of this  
2167 fact is sufficient to comply with the requirement. The organization can also state if the policy  
2168 commitment references certain rights that require particular attention. For example, an organization  
2169 can state that its policy commitment covers all internationally recognized human rights, and also  
2170 references the rights to privacy and freedom of expression in particular, because the organization has  
2171 identified that its activities have an impact on these rights.

2172 If the policy commitment covers only some internationally recognized human rights, the organization  
2173 is required to state the rights that are covered. It can also explain why the policy commitment is  
2174 limited to these rights.

2175 **Guidance to 2-23-b-ii**

2176 Categories of stakeholders that the organization gives particular attention to can include consumers,  
2177 customers, employees and other workers, and local communities. They can also include individuals  
2178 belonging to groups or populations that are considered to be at risk or vulnerable, such as children;

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<sup>2</sup> 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 7 May 2021.

<sup>3</sup> See the Office of the United Nations High Commissioner for Human Rights’ list of regional human rights treaties, <https://www.ohchr.org/en/issues/escr/pages/regionalhrtreaties.aspx>, accessed on 7 May 2021.

2179 human rights defenders; indigenous peoples; migrant workers and their families; national or ethnic,  
2180 religious and linguistic minorities; persons who might be discriminated against based on their sexual  
2181 orientation, gender identity, gender expression, or sex characteristics; persons with disabilities; or  
2182 women.

2183 For example, a bank may give particular attention in its policy commitment to avoid discriminating  
2184 against specific categories of customers, or a mining organization may give particular attention to  
2185 avoid infringing on the rights of indigenous peoples.

2186 **Guidance to 2-23-d**

2187 The most senior level may differ between organizations. For example, the most senior level in an  
2188 organization could be the highest governance body (e.g., the board), or it could be the most senior  
2189 executive (e.g., chief executive officer).

2190 The organization can also report the dates of approval and adoption of the policy commitments, and  
2191 how frequently the commitments are reviewed.

2192 **Guidance to 2-23-e**

2193 If the policy commitments apply to all of the organization's activities and business relationships  
2194 equally, a brief statement of this fact is sufficient to comply with the requirement.

2195 If the policy commitments apply to only some of the organization's activities (e.g., they apply only to  
2196 entities located in certain countries, or to certain subsidiaries), the organization should report which of  
2197 its activities the commitments apply to. It can also explain why the commitments are limited to these  
2198 activities.

2199 If the policy commitments apply to only some of the organization's business relationships, the  
2200 organization should specify the types of business relationships the commitments apply to (e.g.,  
2201 distributors, franchisees, joint ventures, suppliers). It can also explain why the commitments are  
2202 limited to these business relationships. The organization should also explain whether the business  
2203 relationships are obligated to abide by the policy commitments or are encouraged (but not obligated)  
2204 to do so.

2205 **Guidance to 2-23-f**

2206 The organization can report:

- 2207 • whether the policy commitments need to be read, agreed to, and signed regularly by all  
2208 workers, business partners, and other relevant parties, such as governance body members;
- 2209 • the means through which it communicates the policy commitments (e.g., newsletters, formal  
2210 or informal meetings, dedicated websites, contractual agreements);
- 2211 • how it identifies and removes potential barriers to the communication or dissemination of the  
2212 policy commitments (e.g., by making them accessible and available in relevant languages).

2213 **Disclosure 2-24 Embedding policy commitments**

2214 **Requirements**

2215 **The organization shall:**

- 2216 a. **describe how it embeds each of its policy commitments for responsible business conduct**  
2217 **throughout its activities and business relationships, including:**
  - 2218 i. **how it allocates responsibility to implement the commitments across different**  
2219 **levels within the organization;**
  - 2220 ii. **how it integrates the commitments into organizational strategies, operational**  
2221 **policies, and operational procedures;**
  - 2222 iii. **how it implements its commitments with and through its business relationships;**

2223 **iv. training that the organization provides on implementing the commitments.**

2224 **Guidance**

2225 This disclosure gives insight into how the organization embeds its policy commitments for responsible  
2226 business conduct, including the commitment to respect human rights, throughout its activities and  
2227 business relationships. This ensures that people at all levels act responsibly and with awareness of  
2228 and respect for human rights.

2229 **Guidance to 2-24-a-i**

2230 Examples of different levels within an organization include the highest governance body, senior  
2231 executives, and operational levels.

2232 The organization can report:

- 2233 • the most senior level with oversight of, or accountability for, the implementation of the policy  
2234 commitments;
- 2235 • the functions in the organization with day-to-day responsibility for implementing each of the  
2236 policy commitments (e.g., human resources with the responsibility for implementing the  
2237 commitment to respect the rights of workers), including:
  - 2238 – their reporting lines to senior decision-making levels;
  - 2239 – the reason for allocating the responsibility to them;
- 2240 • whether responsible business conduct is formally discussed at meetings of the highest  
2241 governance body or senior executives and, if so, which topics are discussed;
- 2242 • whether there are other formal or systematic means for discussions about responsible  
2243 business conduct between different levels or functions in the organization (e.g., a cross-  
2244 functional working group).

2245 **Guidance to 2-24-a-ii**

2246 The organization can describe:

- 2247 • how it aligns the policy commitments with its:
  - 2248 – broader risk management systems and management policies;
  - 2249 – economic, environmental, social, and human rights impact assessments, and other due  
2250 diligence processes;
  - 2251 – policies and procedures that set financial and other performance incentives for  
2252 management or workers;
- 2253 • how it applies the policy commitments when making decisions, such as about its sourcing and  
2254 operating locations;
- 2255 • the systems (e.g., internal audit) it uses to monitor compliance with the policy commitments  
2256 throughout its activities (across functions and geographic locations) and throughout its  
2257 business relationships.

2258 **Guidance to 2-24-a-iii**

2259 The organization can describe:

- 2260 • its procurement or investment policies and practices, and its engagement with those with  
2261 which it has business relationships, including:
  - 2262 – whether and how it applies pre-qualification processes, bidding criteria, or screening  
2263 criteria consistent with the expectations stipulated in the policy commitments for  
2264 responsible business conduct;
  - 2265 – whether and how it considers the policy commitments in contracting or investment  
2266 agreements, or in specific policies or codes of conduct for suppliers;

- 2267 - whether and how it considers the policy commitments in the process of determining  
 2268 whether to initiate, continue, or terminate a business relationship;
- 2269 • processes through which it enables or supports business partners and other parties to  
 2270 implement the policy commitments (e.g., capacity building, peer sharing);
- 2271 • incentives that it offers to business partners and other parties to implement the policy  
 2272 commitments (e.g., price premiums, increased orders, long-term contracts).

2273 **Guidance to 2-24-a-iv**

2274 The organization can report:

- 2275 • the content of the training;
- 2276 • to whom the training is provided, and whether it is mandatory;
- 2277 • the form (e.g., in-person, online) and frequency of the training;
- 2278 • examples of how the organization has determined that the training is effective.

2279 The organization can report whether the training covers how to implement the policy commitments in  
 2280 general or in specific situations (e.g., ensuring the commitment toward privacy when handling  
 2281 customers' personal data, ensuring the policy commitments are considered in procurement practices).

2282 The organization can specify if training is provided to those with day-to-day responsibility for and  
 2283 those with oversight of, or accountability for, the implementation of the policy commitments. The  
 2284 organization can also specify if training is provided to those with which it has business relationships  
 2285 (e.g., distributors, franchisees, joint ventures, suppliers). The organization can report the number or  
 2286 percentage of workers, business partners, and other parties that have been trained during the  
 2287 reporting period.

2288 **Disclosure 2-25 Processes to remediate negative impacts**

2289 **Requirements**

2290 **The organization shall:**

- 2291 **a. describe its commitments to provide for or cooperate in the remediation of negative  
 2292 impacts that the organization identifies it has caused or contributed to;**
- 2293 **b. describe its approach to identify and address grievances, including the grievance  
 2294 mechanisms that the organization has established or participates in;**
- 2295 **c. describe other processes by which the organization provides for or cooperates in the  
 2296 remediation of negative impacts that it identifies it has caused or contributed to;**
- 2297 **d. describe how the stakeholders who are the intended users of the grievance mechanisms  
 2298 are involved in the design, review, operation, and improvement of these mechanisms;**
- 2299 **e. describe how the organization tracks the effectiveness of the grievance mechanisms and  
 2300 other remediation processes, and report examples of their effectiveness, including  
 2301 stakeholder feedback.**

2302 **Guidance**

2303 This disclosure covers grievance mechanisms that the organization has established or participates in.  
 2304 Grievance mechanisms enable stakeholders to raise concerns about, and seek remedy for, the  
 2305 organization's potential and actual negative impacts on them. This includes impacts on their human  
 2306 rights. This disclosure also covers other processes by which the organization provides for or  
 2307 cooperates in the remediation of negative impacts that it identifies it has caused or contributed to.

2308 The *United Nations (UN) Guiding Principles on Business and Human Rights* [14] and the *Organisation*  
 2309 *for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises* [12] set

2310 out expectations for organizations to provide for or cooperate in the remediation, through legitimate  
2311 processes, of negative impacts that they identify they have caused or contributed to. The organization  
2312 is not responsible for providing for, or cooperating in, the remediation of negative impacts that are  
2313 directly linked to its operations, products, or services by its business relationships, where the  
2314 organization has not contributed to the impacts. It can, however, play a role in doing so. See [Box 3 in](#)  
2315 [GRI 3: Material Topics 2021](#) for more information on causing, contributing, or being directly linked to  
2316 negative impacts.

2317 These instruments also set out expectations for organizations to establish or participate in effective  
2318 operational-level grievance mechanisms.

2319 Grievance mechanisms are distinct from whistleblowing mechanisms. Whistleblowing mechanisms  
2320 enable individuals to raise concerns about wrongdoing or breaches of the law in the organization's  
2321 operations or business relationships, regardless of whether the individuals themselves are harmed or  
2322 not. Whistleblowing mechanisms are reported under [Disclosure 2-26](#) in this Standard.

2323 This disclosure covers the operation of grievance mechanisms and other remediation processes. The  
2324 actions taken to provide for or cooperate in the remediation of actual negative impacts for material  
2325 topics are reported under [3-3-d-ii in GRI 3](#).

2326 The disclosure is only relevant to environmental remediation processes (e.g., processes to remove  
2327 contaminants from soil) when these are connected to impacts on stakeholders or grievances raised  
2328 by stakeholders. However, the remedy provided to stakeholders through the mechanisms and  
2329 processes covered by this disclosure may involve environmental remediation. The use of  
2330 environmental remediation processes can be reported under [3-3-d-ii in GRI 3](#).

### 2331 **Guidance to 2-25-b**

2332 Grievance mechanisms refer to any routinized, state-based or non-state-based, judicial or non-judicial  
2333 processes through which stakeholders can raise grievances and seek remedy.

2334 Examples of state-based judicial and non-judicial grievance mechanisms include courts (for both  
2335 criminal and civil actions), labor tribunals, national human rights institutions, National Contact Points  
2336 under the *OECD Guidelines for Multinational Enterprises*, ombudsperson offices, consumer protection  
2337 agencies, regulatory oversight bodies, and government-run complaints offices.

2338 Non-state-based grievance mechanisms include those administered by the organization, either alone  
2339 or together with stakeholders, such as operational-level grievance mechanisms and collective  
2340 bargaining, including the mechanisms established by collective bargaining. They also include  
2341 mechanisms administered by industry associations, international organizations, civil society  
2342 organizations, or multi-stakeholder groups.

2343 Operational-level grievance mechanisms are administered by the organization either alone or in  
2344 collaboration with other parties and are directly accessible by the organization's stakeholders. They  
2345 allow for grievances to be identified and addressed early and directly, thereby preventing both harm  
2346 and grievances from escalating. They also provide important feedback on the effectiveness of the  
2347 organization's due diligence from those who are directly affected.

2348 The organization can describe:

- 2349 • the intended purpose and users of the mechanisms (i.e., whether they are intended for a  
2350 particular stakeholder category, topic, or region) and whether they enable users to raise  
2351 human rights-related concerns. For example, the organization can explain that it has  
2352 established a mechanism for community members to raise complaints about resettlement, as  
2353 well as a separate hotline for workers to raise concerns about issues affecting their rights,  
2354 such as health and safety conditions;
- 2355 • how the mechanisms operate and who administers them (the organization or another party);
- 2356 • whether operational-level grievance mechanisms are administered at the organizational level  
2357 or whether they are administered at a lower level (at the site or project level) and, in such a  
2358 case, how information from these mechanisms is centralized;
- 2359 • how the mechanisms have been designed and on which principles and guidelines they are  
2360 based, including whether they are designed to meet the effectiveness criteria set out in *UN*  
2361 *Guiding Principle 31* [14];

- 2362 • the process through which grievances are investigated;
- 2363 • whether grievances are communicated to the highest governance body;
- 2364 • whether grievances are treated confidentially;
- 2365 • whether the mechanisms can be used by stakeholders anonymously through representation  
2366 by a third party;
- 2367 • whether the organization requires or provides incentives for the creation or improvement of  
2368 operational-level grievance mechanisms in workplaces of suppliers;
- 2369 • whether the organization provides a back-up process for workplaces of suppliers that do not  
2370 have operational-level grievance mechanisms or where the existing grievance mechanisms in  
2371 those workplaces result in unresolved issues.

2372 **Guidance to 2-25-c**

2373 Requirement 2-25-c covers remediation processes other than grievance mechanisms. Such  
2374 processes lead to the remediation of an impact without mechanisms for filing a formal complaint.

2375 Examples include instances where the organization takes action to remediate an actual impact  
2376 evidenced in an impact assessment or a report published by a civil society organization.

2377 **Guidance to 2-25-d**

2378 The organization can describe, for example, how it engages with stakeholders who are the intended  
2379 users of the grievance mechanisms, to understand how they want to access the mechanisms to raise  
2380 concerns, and their expectations about how the mechanisms will operate.

2381 **Guidance to 2-25-e**

2382 According to *UN Guiding Principle 31* [14], effective grievance mechanisms are legitimate, accessible,  
2383 predictable, equitable, transparent, rights-compatible, and a source of continuous learning. In addition  
2384 to these criteria, effective operational-level grievance mechanisms are also based on engagement  
2385 and dialogue. It can be more difficult for the organization to assess the effectiveness of grievance  
2386 mechanisms that it participates in compared to those it has established itself.

2387 The organization can report:

- 2388 • whether and how the intended users are informed about the grievance mechanisms and  
2389 remediation processes;
- 2390 • whether and how the intended users are trained to use the grievance mechanisms and  
2391 remediation processes;
- 2392 • the accessibility of the grievance mechanisms and remediation processes, such as the  
2393 number of hours per day or days per week they are accessible, and their availability in  
2394 different languages;
- 2395 • how the organization seeks to ensure it respects users' human rights and protects them  
2396 against reprisals (i.e., non-retaliation for raising complaints or concerns);
- 2397 • how satisfied users are with the grievance mechanisms and remediation processes, and with  
2398 the resulting outcomes, as well as how the organization assesses user satisfaction;
- 2399 • the number and types of grievances filed during the reporting period, and the percentage of  
2400 grievances that were addressed and resolved, including the percentage that were resolved  
2401 through remediation;
- 2402 • the number of grievances filed during the reporting period that are repeated or recurring;
- 2403 • changes made to the grievance mechanisms and remediation processes in response to  
2404 lessons learned about their effectiveness.

2405 Quantitative data, such as the number of grievances, is unlikely to be sufficient on its own. For  
2406 example, a low number of grievances could indicate that few incidents have occurred, but it could also  
2407 signal that the mechanisms are not trusted by their intended users. For this reason, contextual  
2408 information should be provided to help information users interpret the data.



2409 **Disclosure 2-26 Mechanisms for seeking advice and raising**  
2410 **concerns**

2411 **Requirements**

2412 **The organization shall:**

2413 **a. describe the mechanisms for individuals to:**

2414 **i. seek advice on implementing the organization's policies and practices for**  
2415 **responsible business conduct;**

2416 **ii. raise concerns about the organization's business conduct.**

2417 **Guidance**

2418 This disclosure covers the organization's mechanisms for individuals to seek advice and to raise  
2419 concerns about responsible business conduct in the operations of the organization and its business  
2420 relationships. Examples of these mechanisms include confidential interviews during site visits,  
2421 escalation processes (to raise issues through management levels), hotlines, mechanisms to report  
2422 non-compliance with laws and regulations, and whistleblowing mechanisms.

2423 These mechanisms enable individuals to raise concerns about wrongdoing or breaches of the law in  
2424 the organization's operations or business relationships, regardless of whether the individuals  
2425 themselves are harmed or not. They are distinct from grievance mechanisms, which enable  
2426 stakeholders to raise concerns about, and seek remedy for, the organization's potential and actual  
2427 negative impacts on them. Grievance mechanisms are reported under [Disclosure 2-25](#) in this  
2428 Standard.

2429 If the organization's grievance mechanisms and its mechanisms for seeking advice and raising  
2430 concerns about responsible business conduct operate in a similar way, the organization can provide a  
2431 single description of how these mechanisms operate and explain which mechanisms the description  
2432 covers.

2433 The organization can report:

- 2434
- 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 are operated 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.

2442 Additionally, the organization can report information about the effectiveness of the mechanisms,  
2443 including:

- 2444
- whether and how the intended users are informed about the mechanisms and trained on how to use them;
  - the accessibility of the mechanisms, such as the number of hours per day or days per week they are available, and their availability in different languages;
  - how the organization seeks to ensure it respects users' human rights and protects them against reprisals (i.e., non-retaliation for raising concerns);
  - how satisfied users are with the mechanisms and with the resulting outcomes;
- 2450

- 2451 • the number and types of requests for advice received during the reporting period, and the
- 2452 percentage of requests that were answered;
- 2453 • the number and types of concerns raised during the reporting period, and the percentage of
- 2454 concerns that were addressed and resolved or found to be unsubstantiated.

## 2455 **Disclosure 2-27 Compliance with laws and regulations**

### 2456 **Requirements**

#### 2457 **The organization shall:**

- 2458 **a. report the total number of significant instances of non-compliance with laws and**
- 2459 **regulations during the reporting period, and a breakdown of this total by:**
  - 2460 **i. instances for which fines were incurred;**
  - 2461 **ii. instances for which non-monetary sanctions were incurred;**
- 2462 **b. report the total number and the monetary value of fines for instances of non-compliance**
- 2463 **with laws and regulations that were paid during the reporting period, and a breakdown of**
- 2464 **this total by:**
  - 2465 **i. fines for instances of non-compliance with laws and regulations that occurred in**
  - 2466 **the current reporting period;**
  - 2467 **ii. fines for instances of non-compliance with laws and regulations that occurred in**
  - 2468 **previous reporting periods;**
- 2469 **c. describe the significant instances of non-compliance;**
- 2470 **d. describe how it has determined significant instances of non-compliance.**

### 2471 **Guidance**

2472 This disclosure addresses non-compliance, or failure to comply with, laws and regulations that are  
2473 applicable to the organization.

2474 Non-compliance with laws and regulations can give insight into the ability of management to ensure  
2475 that the organization conforms to certain performance parameters.

2476 Laws and regulations can be issued by a variety of bodies including local, regional, and national  
2477 governments; regulatory authorities; and public agencies.

2478 Laws and regulations include:

- 2479 • international declarations, conventions, and treaties;
- 2480 • national, subnational, regional, and local regulations;
- 2481 • binding voluntary agreements made with regulatory authorities and developed as a substitute
- 2482 for implementing a new regulation;
- 2483 • voluntary agreements (or covenants), if the organization directly joins the agreement, or if
- 2484 public agencies make the agreement applicable to organizations in their territory through
- 2485 legislation or regulation.

2486 This disclosure includes significant instances of non-compliance that resulted in administrative or  
2487 judicial sanctions as well as fines that are being appealed during the reporting period.

2488 Non-monetary sanctions can include restrictions imposed by governments, regulatory authorities, or  
2489 public agencies on the organization's activities or operations, such as withdrawal of trading licenses  
2490 or licenses to operate in highly regulated industries. They can also include directives to cease or  
2491 remediate an unlawful activity.

2492 The organization can use information about fines that have been reported in its audited consolidated  
2493 financial statements or in the financial information filed on public record, including fines that are being  
2494 appealed and which may appear as balance sheet reserves in the financial statements.

2495 If there were no significant instances of non-compliance with laws and regulations or no fines were  
2496 paid during the reporting period, a brief statement of this fact is sufficient to comply with the  
2497 disclosure.

2498 **Guidance to 2-27-c**

2499 The description of significant instances of non-compliance can include the geographic location where  
2500 the instance occurred, and the matter to which the instance relates, such as a tax fraud or a spill. The  
2501 organization is required to report sufficient information for information users to understand the type  
2502 and the context of significant instances of non-compliance.

2503 The organization can also explain whether the significant instances are repeated or recurring.

2504 **Guidance to 2-27-d**

2505 When determining the significant instances of non-compliance, the organization can assess:

- 2506
- the severity of the impact resulting from the instance;
  - external benchmarks used in its sector to determine significant instances of non-compliance.
- 2507

2508 **Disclosure 2-28 Membership associations**

2509 **Requirements**

2510 **The organization shall:**

- 2511 **a. report industry associations, other membership associations, and national or international**  
2512 **advocacy organizations in which it participates in a significant role.**

2513 **Guidance**

2514 The organization may have a significant role in an association or advocacy organization when it holds  
2515 a position in the governance body, participates in projects or committees, or provides substantive  
2516 funding beyond routine membership dues. The role may also be significant when the organization  
2517 views its membership as strategic to influencing the mission or objective of the association that is  
2518 critical to the organization's own activities.

## 2519 5. Stakeholder engagement

2520 The disclosures in this section provide information about the organization's stakeholder engagement  
2521 practices, including how it engages in collective bargaining with employees.

### 2522 Disclosure 2-29 Approach to stakeholder engagement

#### 2523 Requirements

2524 The organization shall:

2525 a. describe its approach to engaging with stakeholders, including:

- 2526 i. the categories of stakeholders it engages with, and how they are identified;
- 2527 ii. the purpose of the stakeholder engagement;
- 2528 iii. how the organization seeks to ensure meaningful engagement with stakeholders.

#### 2529 Guidance

2530 Stakeholders are individuals or groups that have interests that are affected or could be affected by the  
2531 organization's activities [11]. For more information on stakeholders, see [section 2.4 in GRI 1:](#)  
2532 [Foundation 2021](#).

2533 This disclosure covers stakeholder engagement undertaken by the organization as part of its ongoing  
2534 activities, rather than specifically for the purpose of sustainability reporting.

#### 2535 Guidance to 2-29-a-i

2536 Common categories of stakeholders for organizations are business partners, civil society  
2537 organizations, consumers, customers, employees and other workers, governments, local  
2538 communities, non-governmental organizations, shareholders and other investors, suppliers, trade  
2539 unions, and vulnerable groups.

2540 The organization can explain how it determines which categories of stakeholders to engage with and  
2541 which categories not to engage with.

#### 2542 Guidance to 2-29-a-ii

2543 The purpose of stakeholder engagement can be, for example, to identify actual and potential impacts  
2544 or to determine prevention and mitigation responses to potential negative impacts. In some cases,  
2545 stakeholder engagement is a right in and of itself, such as the right of workers to form or join trade  
2546 unions or their right to bargain collectively.

2547 The organization can also report:

- 2548 • the type of stakeholder engagement (e.g., participation, consultation, information) and its  
2549 frequency (e.g., ongoing, quarterly, annually);
- 2550 • when it engages directly with stakeholders and when it engages with credible stakeholder  
2551 representatives or proxy organizations, or other credible independent expert resources, and  
2552 why;
- 2553 • whether stakeholder engagement activities take place at the organizational level or at a lower  
2554 level, such as at the site or project level, and in the latter case, how information from  
2555 stakeholder engagement activities is centralized;
- 2556 • the resources (e.g., financial or human resources) allocated to stakeholder engagement.

2557 Further information on stakeholder engagement undertaken for specific activities is reported under  
2558 other disclosures. For example, the organization is required to report on stakeholder engagement

2559 undertaken for determining and managing material topics under 3-1-b and 3-3-f in *GRI 3: Material*  
2560 *Topics 2021*.

2561 **Guidance to 2-29-a-iii**

2562 Meaningful stakeholder engagement is characterized by two-way communication and depends on the  
2563 good faith of participants on both sides. It is also responsive and ongoing and includes in many cases  
2564 engaging with relevant stakeholders before decisions are made. [11]

2565 The organization can report:

- 2566 • how it takes into account potential barriers to stakeholder engagement (e.g., language and  
2567 cultural differences, gender and power imbalances, divisions within a community or group);
- 2568 • how it engages with at-risk or vulnerable groups (e.g., whether it takes specific approaches  
2569 and gives special attention to potential barriers);
- 2570 • how it provides stakeholders with information that is understandable and accessible through  
2571 appropriate communication channels;
- 2572 • how stakeholder feedback is recorded and integrated into decision-making, and how  
2573 stakeholders are informed about the way in which their feedback has influenced decisions;
- 2574 • how it seeks to respect the human rights of all stakeholders engaged, for example, their rights  
2575 to privacy, freedom of expression, and peaceful assembly and protest;
- 2576 • how it works with business partners to engage with stakeholders in a meaningful way,  
2577 including the expectations it places on business partners to respect the human rights of  
2578 stakeholders during engagement.

2579 **Disclosure 2-30 Collective bargaining agreements**

2580 **Requirements**

2581 **The organization shall:**

- 2582 **a. report the percentage of total employees covered by collective bargaining agreements;**
- 2583 **b. for employees not covered by collective bargaining agreements, report whether the**  
2584 **organization determines their working conditions and terms of employment based on**  
2585 **collective bargaining agreements that cover its other employees or based on collective**  
2586 **bargaining agreements from other organizations.**

2587 **Guidance**

2588 This disclosure provides insights into how the organization engages in collective bargaining with its  
2589 employees. The right to collective bargaining is a fundamental right at work that is covered in the  
2590 *International Labour Organization (ILO) Right to Organise and Collective Bargaining Convention* [8].

2591 Collective bargaining refers to negotiations that take place between one or more employers or  
2592 employers' organizations and one or more workers' organizations (e.g., trade unions). The objective of  
2593 these negotiations is to reach a collective agreement on working conditions and terms of employment  
2594 (e.g., wages, working time) and to regulate relations between employers and workers. [3] These  
2595 negotiations are an important means through which employers' organizations and workers'  
2596 organizations can improve working conditions and labor relations.

2597 Collective agreements can be made at the level of the organization, at the level of a particular site, at  
2598 the industry level, and at the national level in countries where this is the practice. Collective  
2599 agreements can cover specific groups of workers, for example, those performing a specific activity or  
2600 working at a specific location.

2601 If the organization has a statement or policy commitment on freedom of association and collective  
2602 bargaining, this is reported under 2-23-b-i in this Standard or 3-3-c in *GRI 3: Material Topics 2021*.

2603 See references [2], [3], [4], [5], [6], [8], [10], [21], [25], and [26] in the Bibliography.

2604 **Guidance to 2-30-a**

2605 The organization is required to report the percentage of its employees whose working conditions and  
2606 terms of employment are regulated by one or more collective bargaining agreements.

2607 The percentage of employees covered by collective bargaining agreements is calculated using the  
2608 following formula:

2609 
$$\frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Total number of employees reported under 2-7-a}} \times 100$$

2610 The employees covered by collective bargaining agreements are those employees to whom the  
2611 organization is obligated to apply the agreement. This means that if none of the employees is covered  
2612 by a collective bargaining agreement, the percentage reported is zero. An employee covered by more  
2613 than one collective bargaining agreement only needs to be counted once.

2614 This requirement does not ask for the percentage of employees represented by a works council or  
2615 belonging to trade unions, which can be different. The percentage of employees covered by collective  
2616 bargaining agreements can be higher than the percentage of unionized employees when the  
2617 collective bargaining agreements apply to both union and non-union members. Alternatively, the  
2618 percentage of employees covered by collective bargaining agreements can be lower than the  
2619 percentage of unionized employees. This may be the case when there are no collective bargaining  
2620 agreements available or when the collective bargaining agreements do not cover all unionized  
2621 employees.

2622 The organization can also provide a breakdown of the percentage of employees covered by collective  
2623 bargaining agreements by region, or provide comparisons with industry benchmarks.

2624 **Guidance to 2-30-b**

2625 There may be instances where some or none of the organization's employees are covered by  
2626 collective bargaining agreements. However, the working conditions and terms of employment of these  
2627 employees may be influenced or determined by the organization based on other collective bargaining  
2628 agreements, such as agreements that cover other employees or agreements from other  
2629 organizations. If this is the case, the organization is required to report it under 2-30-b. If this is not the  
2630 case, and the working conditions and terms of employment of these employees are not influenced or  
2631 determined based on other collective bargaining agreements, a brief statement of this fact is sufficient  
2632 to comply with this requirement.

## 2633 Glossary

2634 This glossary provides definitions for terms used in this Standard. The organization is required to  
2635 apply these definitions when using the GRI Standards.

2636 The definitions included in this glossary may contain terms that are further defined in the complete  
2637 [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in  
2638 the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

### 2639 **business partner**

2640 entity with which the organization has some form of direct and formal engagement for the purpose of  
2641 meeting its business objectives

2642 Source: Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015; modified

2643 Examples: affiliates, business-to-business customers, clients, first-tier suppliers, franchisees, joint  
2644 venture partners, investee companies in which the organization has a shareholding position

2645 Note: Business partners do not include subsidiaries and affiliates that the organization controls.

### 2646 **business relationships**

2647 relationships that the organization has with business partners, with entities in its value chain including  
2648 those beyond the first tier, and with any other entities directly linked to its operations, products, or  
2649 services

2650 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
2651 *United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

2652 Note: Examples of other entities directly linked to the organization's operations, products, or services  
2653 are a non-governmental organization with which the organization delivers support to a local  
2654 community, or state security forces that protect the organization's facilities.

### 2655 **collective bargaining**

2656 all negotiations that take place between one or more employers or employers' organizations, on the  
2657 one hand, and one or more workers' organizations (trade unions), on the other, for determining  
2658 working conditions and terms of employment or for regulating relations between employers and  
2659 workers

2660 Source: International Labour Organization (ILO), *Collective Bargaining Convention*, 1981 (No. 154);  
2661 modified

### 2662 **conflict of interest**

2663 situation where an individual is confronted with choosing between the requirements of their function in  
2664 the organization and their other personal or professional interests or responsibilities

### 2665 **due diligence**

2666 process to identify, prevent, mitigate, and account for how the organization addresses its actual and  
2667 potential negative impacts

2668 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
2669 *United Nations "Protect, Respect and Remedy" Framework*, 2011; and Organisation for Economic Co-  
2670 operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011; modified

2671 Note: See [section 2.3 in GRI 1: Foundation 2021](#) for more information on 'due diligence'.

### 2672 **employee**

2673 individual who is in an employment relationship with the organization according to national law or  
2674 practice

- 2675 **full-time employee**
- 2676 employee whose working hours per week, month, or year are defined according to national law or  
2677 practice regarding working time
- 2678 **governance body**
- 2679 formalized group of individuals responsible for the strategic guidance of the organization, the effective  
2680 monitoring of management, and the accountability of management to the broader organization and its  
2681 stakeholders
- 2682 **grievance**
- 2683 perceived injustice evoking an individual's or a group's sense of entitlement, which may be based on  
2684 law, contract, explicit or implicit promises, customary practice, or general notions of fairness of  
2685 aggrieved communities
- 2686 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
2687 *United Nations "Protect, Respect and Remedy" Framework*, 2011
- 2688 **grievance mechanism**
- 2689 routinized process through which grievances can be raised and remedy can be sought
- 2690 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
2691 *United Nations "Protect, Respect and Remedy" Framework*, 2011; modified
- 2692 Note: See [Guidance to Disclosure 2-25 in GRI 2: General Disclosures 2021](#) for more information on  
2693 'grievance mechanism'.
- 2694 **highest governance body**
- 2695 governance body with the highest authority in the organization
- 2696 Note: In some jurisdictions, governance systems consist of two tiers, where supervision and  
2697 management are separated or where local law provides for a supervisory board drawn from non-  
2698 executives to oversee an executive management board. In such cases, both tiers are included under  
2699 the definition of highest governance body.
- 2700 **human rights**
- 2701 rights inherent to all human beings, which include, at a minimum, the rights set out in the *United*  
2702 *Nations (UN) International Bill of Human Rights* and the principles concerning fundamental rights set  
2703 out in the *International Labour Organization (ILO) Declaration on Fundamental Principles and Rights*  
2704 *at Work*
- 2705 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
2706 *United Nations "Protect, Respect and Remedy" Framework*, 2011; modified
- 2707 Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on 'human  
2708 rights'.
- 2709 **impact**
- 2710 effect the organization has or could have on the economy, environment, and people, including on their  
2711 human rights, which in turn can indicate its contribution (negative or positive) to sustainable  
2712 development
- 2713 Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or  
2714 unintended, and reversible or irreversible.
- 2715 Note 2: See [section 2.1 in GRI 1: Foundation 2021](#) for more information on 'impact'.



- 2716 **local community**
- 2717 individuals or groups of individuals living or working in areas that are affected or that could be affected  
2718 by the organization's activities
- 2719 Note: The local community can range from those living adjacent to the organization's operations to  
2720 those living at a distance.
- 2721 **material topics**
- 2722 topics that represent the organization's most significant impacts on the economy, environment, and  
2723 people, including impacts on their human rights
- 2724 Note: See [section 2.2 in GRI 1: Foundation 2021](#) and [section 1 in GRI 3: Material Topics 2021](#) for  
2725 more information on 'material topics'.
- 2726 **mitigation**
- 2727 action(s) taken to reduce the extent of a negative impact
- 2728 Note: The mitigation of an actual negative impact refers to actions taken to reduce the severity of the  
2729 negative impact that has occurred, with any residual impact needing remediation. The mitigation of a  
2730 potential negative impact refers to actions taken to reduce the likelihood of the negative impact  
2731 occurring.
- 2732 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive*  
2733 *Guide*, 2012; modified
- 2734 **non-guaranteed hours employee**
- 2735 employee who is not guaranteed a minimum or fixed number of working hours per day, week, or  
2736 month, but who may need to make themselves available for work as required
- 2737 Examples: casual employees, employees with zero-hour contracts, on-call employees
- 2738 Source: ShareAction, *Workforce Disclosure Initiative Survey Guidance Document*, 2020; modified
- 2739 **part-time employee**
- 2740 employee whose working hours per week, month, or year are less than the number of working hours  
2741 for full-time employees
- 2742 **permanent employee**
- 2743 employee with a contract for an indeterminate period (i.e., indefinite contract) for full-time or part-time  
2744 work
- 2745 **remedy / remediation**
- 2746 means to counteract or make good a negative impact / provision of remedy
- 2747 Examples: apologies, restitution, restoration, rehabilitation, financial or non-financial compensation,  
2748 and punitive sanctions (whether criminal or administrative, such as fines), prevention of harm through  
2749 injunctions or guarantees of non-repetition
- 2750 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive*  
2751 *Guide*, 2012; modified
- 2752 **reporting period**
- 2753 specific time period covered by the reported information
- 2754 Examples: fiscal year, calendar year
- 2755 **senior executive**
- 2756 high-ranking member of the management of the organization, such as the Chief Executive Officer  
2757 (CEO) or an individual reporting directly to the CEO or the highest governance body

2758 **severity (of an impact)**

2759 The severity of an actual or potential negative impact is determined by its scale (i.e., how grave the  
2760 impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to  
2761 counteract or make good the resulting harm).

2762 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive*  
2763 *Guide*, 2012; and the Organisation for Economic Co-operation and Development (OECD), *OECD Due*  
2764 *Diligence Guidance for Responsible Business Conduct*, 2018; modified

2765 Note: See [section 1 in GRI 3: Material Topics 2021](#) for more information on ‘severity’.

2766 **stakeholder**

2767 individual or group that has an interest that is affected or could be affected by the organization’s  
2768 activities

2769 Source: Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence*  
2770 *Guidance for Responsible Business Conduct*, 2018; modified

2771 Examples: business partners, civil society organizations, consumers, customers, employees and  
2772 other workers, governments, local communities, non-governmental organizations, shareholders and  
2773 other investors, suppliers, trade unions, vulnerable groups

2774 Note: See [section 2.4 in GRI 1: Foundation 2021](#) for more information on ‘stakeholder’.

2775 **supplier**

2776 entity upstream from the organization (i.e., in the organization’s supply chain), which provides a  
2777 product or service that is used in the development of the organization’s own products or services

2778 Examples: brokers, consultants, contractors, distributors, franchisees, home workers, independent  
2779 contractors, licensees, manufacturers, primary producers, sub-contractors, wholesalers

2780 Note: A supplier can have a direct business relationship with the organization (often referred to as  
2781 first-tier supplier) or an indirect business relationship.

2782 **supply chain**

2783 range of activities carried out by entities upstream from the organization, which provide products or  
2784 services that are used in the development of the organization’s own products or services

2785 **sustainable development / sustainability**

2786 development that meets the needs of the present without compromising the ability of future  
2787 generations to meet their own needs

2788 Source: World Commission on Environment and Development, *Our Common Future*, 1987

2789 Note: In the GRI Standards, the terms ‘sustainability’ and ‘sustainable development’ are used  
2790 interchangeably.

2791 **temporary employee**

2792 employee with a contract for a limited period (i.e., fixed term contract) that ends when the specific  
2793 time period expires, or when the specific task or event that has an attached time estimate is  
2794 completed (e.g., the end of a project or return of replaced employees)

2795 **under-represented social group**

2796 group of individuals who are less represented within a subset (e.g., a body or committee, employees  
2797 of an organization) relative to their numbers in the general population, and who therefore have less  
2798 opportunity to express their economic, social, or political needs and views

2799 Note 1: Under-represented social groups may include minority groups.

2800 Note 2: The groups included under this definition depend on the organization’s operating context and  
2801 are not uniform for every organization.

2802 **value chain**

2803 range of activities carried out by the organization, and by entities upstream and downstream from the  
2804 organization, to bring the organization's products or services from their conception to their end use

2805 Note 1: Entities upstream from the organization (e.g., suppliers) provide products or services that are  
2806 used in the development of the organization's own products or services. Entities downstream from the  
2807 organization (e.g., distributors, customers) receive products or services from the organization.

2808 Note 2: The value chain includes the supply chain.

2809 **vulnerable group**

2810 group of individuals with a specific condition or characteristic (e.g., economic, physical, political,  
2811 social) that could experience negative impacts as a result of the organization's activities more  
2812 severely than the general population

2813 Examples: children and youth; elderly persons; ex-combatants; HIV/AIDS-affected households;  
2814 human rights defenders; indigenous peoples; internally displaced persons; migrant workers and their  
2815 families; national or ethnic, religious and linguistic minorities; persons who might be discriminated  
2816 against based on their sexual orientation, gender identity, gender expression, or sex characteristics  
2817 (e.g., lesbian, gay, bisexual, transgender, intersex); persons with disabilities; refugees or returning  
2818 refugees; women

2819 Note: Vulnerabilities and impacts can differ by gender.

2820 **worker**

2821 person that performs work for the organization

2822 Examples: employees, apprentices, interns, self-employed persons, and persons working for  
2823 organizations other than the reporting organization, such as for suppliers

2824 Note: In the GRI Standards, in some cases it is specified whether a particular subset of workers is  
2825 required to be used.

2826

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2828 developing this Standard, as well as resources that can be consulted by the organization.

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2831 Additional Protocols, 1949.
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2900

## **GRI 3: Material Topics 2021**

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2901 **EFFECTIVE DATE: 1 JANUARY 2023**

2902 **UNIVERSAL STANDARD**

## 2903 **GRI 3: Material Topics 2021**

### 2904 **Universal Standard**

#### 2905 **Effective date**

2906 This Standard is effective for reports or other materials published on or after **1 January 2023**. Earlier  
2907 adoption is encouraged.

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2932 ISBN **978-90-8866-NNN-N**

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## 2946 Introduction

2947 *GRI 3: Material Topics 2021* provides step-by-step guidance for organizations on how to determine  
2948 material topics. It also explains how the Sector Standards are used in this process. Material topics are  
2949 topics that represent an organization's most significant impacts on the economy, environment, and  
2950 people, including impacts on their human rights.

2951 *GRI 3* also contains disclosures for organizations to report information about their process of  
2952 determining material topics, their list of material topics, and how they manage each of their material  
2953 topics.

2954 The Standard is structured as follows:

- 2955 • [Section 1](#) provides step-by-step guidance on how to determine material topics.
- 2956 • [Section 2](#) contains three disclosures, which provide information about the organization's  
2957 process of determining material topics, its list of material topics, and how it manages each  
2958 topic.
- 2959 • The [Glossary](#) contains defined terms with a specific meaning when used in the GRI  
2960 Standards.
- 2961 • The [Bibliography](#) lists authoritative intergovernmental instruments and additional references  
2962 used in developing this Standard, as well as resources that can be consulted by the  
2963 organization.

2964 The rest of the Introduction section provides an overview of the system of GRI Standards and further  
2965 information on using this Standard.

## 2966 System of GRI Standards

2967 This Standard is part of the GRI Sustainability Reporting Standards (GRI Standards). The GRI  
2968 Standards enable an organization to report information about its most significant impacts on the  
2969 economy, environment, and people, including impacts on their human rights, and how it manages  
2970 these impacts.

2971 The GRI Standards are structured as a system of interrelated standards that are organized into three  
2972 series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards (see [Figure 1](#) in  
2973 this Standard).

### 2974 Universal Standards: GRI 1, GRI 2 and GRI 3

2975 [GRI 1: Foundation 2021](#) specifies the requirements that the organization must comply with to report in  
2976 accordance with the GRI Standards. The organization begins using the GRI Standards by consulting  
2977 [GRI 1](#).

2978 [GRI 2: General Disclosures 2021](#) contains disclosures that the organization uses to provide  
2979 information about its reporting practices and other organizational details, such as its activities,  
2980 governance, and policies.

2981 *GRI 3: Material Topics 2021* provides guidance on how to determine material topics. It also contains  
2982 disclosures that the organization uses to report information about its process of determining material  
2983 topics, its list of material topics, and how it manages each topic.

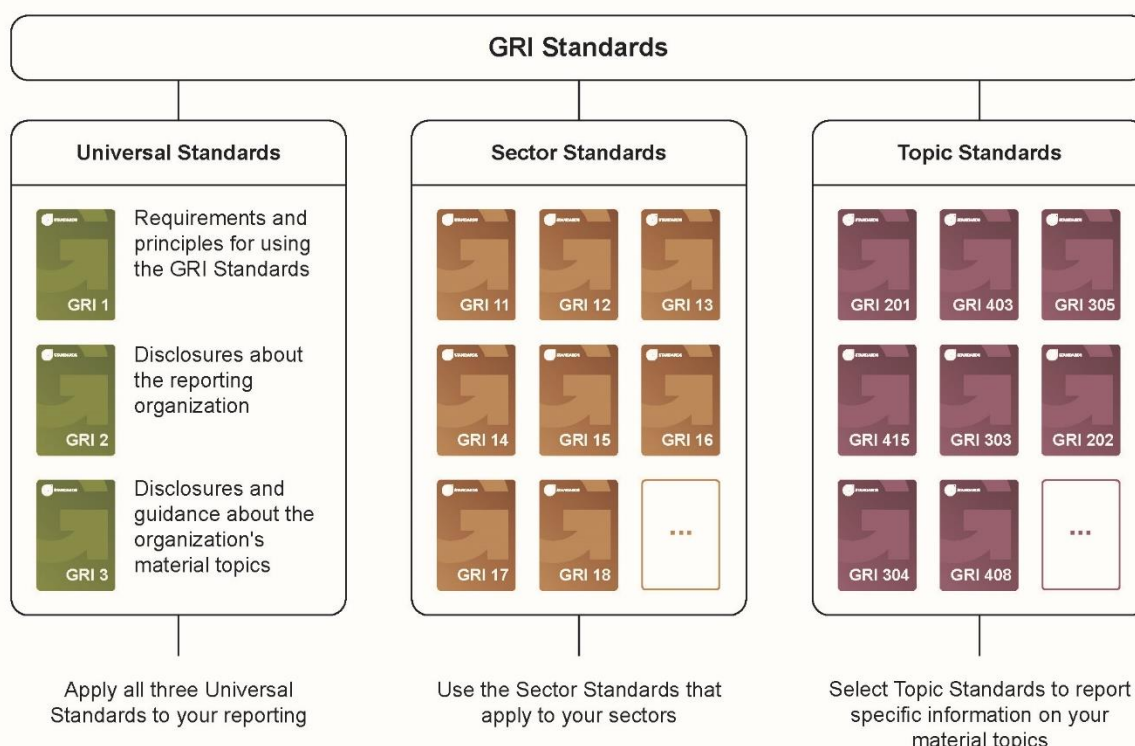
2984 **Sector Standards**

2985 The Sector Standards provide information for organizations about their likely material topics. The  
 2986 organization uses the Sector Standards that apply to its sectors when determining its material topics  
 2987 and when determining what to report for each material topic.

2988 **Topic Standards**

2989 The Topic Standards contain disclosures that the organization uses to report information about its  
 2990 impacts in relation to particular topics. The organization uses the Topic Standards according to the list  
 2991 of material topics it has determined using *GRI 3*.

2992 **Figure 1. GRI Standards: Universal, Sector and Topic Standards**



2993 **Using this Standard**

2994 An organization reporting in accordance with the GRI Standards is required to determine its material  
 2995 topics and report all disclosures in this Standard. The organization is required to report [Disclosure 3-3](#)  
 2996 [Management of material topics](#) for each material topic.

2997 Reasons for omission are only permitted for Disclosure 3-3.

2998 If the organization cannot comply with Disclosure 3-3 or with a requirement in Disclosure 3-3 (e.g.,  
 2999 because the required information is confidential or subject to legal prohibitions), the organization is  
 3000 required to specify this in the GRI content index, and provide a reason for omission and an  
 3001 explanation. See [Requirement 6 in GRI 1: Foundation 2021](#) for more information on reasons for  
 3002 omission.

3003 If the organization cannot report the required information about an item specified in a disclosure  
 3004 because the item (e.g., committee, policy, practice, process) does not exist, it can comply with the

3005 requirement by reporting this to be the case. The organization can explain the reasons for not having  
3006 this item, or describe any plans to develop it. The disclosure does not require the organization to  
3007 implement the item (e.g., developing a policy), but to report that the item does not exist.

3008 If the organization intends to publish a standalone sustainability report, it does not need to repeat  
3009 information that it has already reported publicly elsewhere, such as on web pages or in its annual  
3010 report. In such a case, the organization can report a required disclosure by providing a reference in  
3011 the GRI content index as to where this information can be found (e.g., by providing a link to the web  
3012 page or citing the page in the annual report where the information has been published).

### 3013 **Requirements, guidance and defined terms**

3014 The following apply throughout the GRI Standards:

3015 Requirements are presented in **bold font** and indicated by the word 'shall'. An organization must  
3016 comply with requirements to report in accordance with the GRI Standards.

3017 Requirements may be accompanied by guidance.

3018 Guidance includes background information, explanations, and examples to help the organization  
3019 better understand the requirements. The organization is not required to comply with guidance.

3020 The Standards may also include recommendations. These are cases where a particular course of  
3021 action is encouraged but not required.

3022 The word 'should' indicates a recommendation, and the word 'can' indicates a possibility or option.

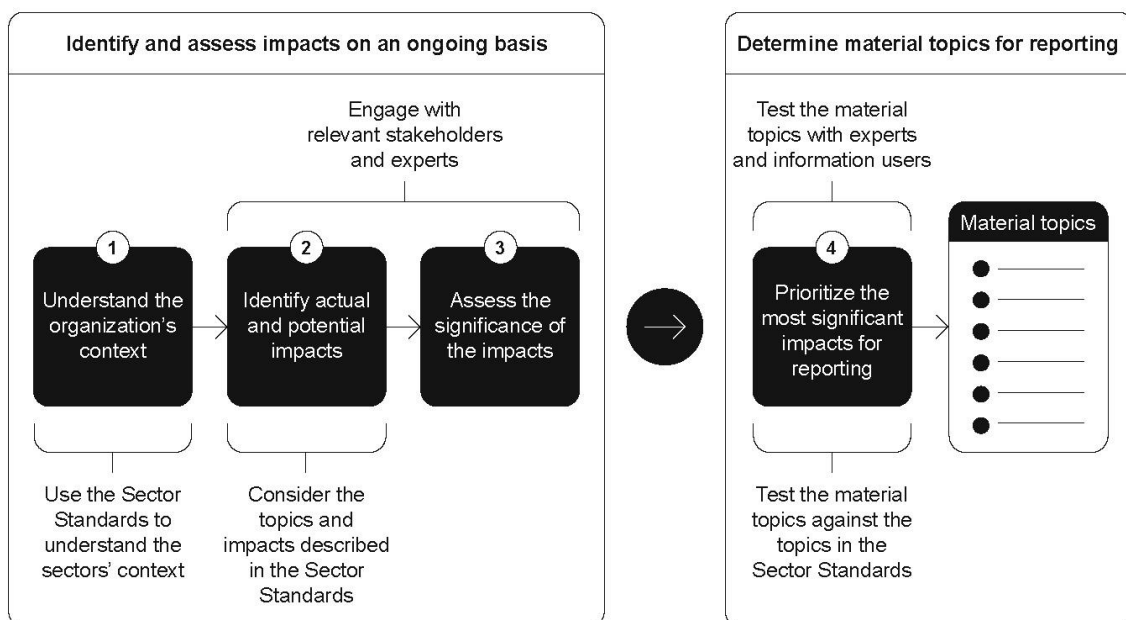
3023 Defined terms are underlined in the text of the GRI Standards and linked to their definitions in the  
3024 [Glossary](#). The organization is required to apply the definitions in the Glossary.

# 1. Guidance to determine material topics

An organization reporting in accordance with the GRI Standards is required to determine its material topics. When doing this, the organization is also required to use the applicable GRI Sector Standards (see [Requirement 3 in GRI 1: Foundation 2021](#) and [Box 5](#) in this Standard).

This section describes the four steps that the organization should follow in determining its material topics (see Figure 2). Following the steps in this section helps the organization determine its material topics and report the disclosures in [section 2](#) of this Standard. The steps provide guidance and are not requirements on their own.

**Figure 2. Process to determine material topics**



The first three steps in the process to determine material topics relate to the organization's ongoing identification and assessment of impacts. During these steps, the organization identifies and assesses its impacts regularly, as part of its day-to-day activities, and while engaging with relevant stakeholders and experts. These ongoing steps allow the organization to actively identify and manage its impacts as they evolve, and as new ones arise. The first three steps are conducted independently of the sustainability reporting process, but they inform the last step. In Step 4, the organization prioritizes its most significant impacts for reporting and in this way determines its material topics.

In each reporting period, the organization should review its material topics from the previous reporting period to account for changes in the impacts. Changes in impacts can result from changes in the organization's activities and business relationships. This review helps ensure the material topics represent the organization's most significant impacts in each new reporting period.

The organization should document its process of determining material topics. This includes documenting the approach taken, decisions, assumptions, and subjective judgements made, sources

3048 analyzed, and evidence gathered. Accurate records help the organization explain its chosen approach  
3049 and report the disclosures in [section 2](#) of this Standard. The records facilitate analysis and assurance.  
3050 See the [Verifiability principle in GRI 1](#) for more information.

3051 The approach for each step will vary according to the specific circumstances of the organization, such  
3052 as its business model; sectors; geographic, cultural, and legal operating context; ownership structure;  
3053 and the nature of its impacts. Given these specific circumstances, the steps should be systematic,  
3054 documented, replicable, and used consistently in each reporting period. The organization should  
3055 document any changes in its approach together with the rationale for those changes and their  
3056 implications.

3057 The organization's highest governance body should oversee the process and review and approve the  
3058 material topics. If the organization does not have a highest governance body, a senior executive or  
3059 group of senior executives should oversee the process and review and approve the material topics.

### 3060 **Box 1. Input to financial and value creation reporting**

3061 The material topics and impacts that have been determined through this process inform financial and  
3062 value creation reporting. They provide crucial input for identifying financial risks and opportunities  
3063 related to the organization's impacts, and for financial valuation. This in turn helps in making financial  
3064 materiality judgments about what to recognize in financial statements.

3065 While most, if not all, of the impacts that have been identified through this process will eventually  
3066 become financially material, sustainability reporting is also highly relevant in its own right as a public  
3067 interest activity and is independent of the consideration of financial implications. It is therefore  
3068 important for the organization to report on all the material topics that it has determined using the GRI  
3069 Standards. These material topics cannot be deprioritized on the basis of not being considered  
3070 financially material by the organization.

3071 See [Box 1 in GRI 1: Foundation 2021](#) for more information on sustainability reporting and financial  
3072 and value creation reporting.

3073 The next sections describe the four steps to determine material topics in more detail.

## 3074 **Step 1. Understand the organization's context**

3075 In this step, the organization creates an initial high-level overview of its activities and business  
3076 relationships, the sustainability context in which these take place, as well as an overview of its  
3077 stakeholders. This provides the organization with critical information for identifying its actual and  
3078 potential impacts.

3079 The organization should consider the activities, business relationships, stakeholders, and  
3080 sustainability context of all the entities it controls or has an interest in (e.g., subsidiaries, joint  
3081 ventures, affiliates), including minority interests.

3082 Relevant departments and functions within the organization that can assist in this step include  
3083 communications, human resources, investor relations, legal and compliance department or functions,  
3084 marketing and sales, procurement, and product development. The GRI Sector Standards describe the  
3085 sectors' context and they can also assist in this step.

### 3086 **Activities**

3087 The organization should consider the following in relation to its activities:

- 3088 • The organization's purpose, value or mission statements, business model, and strategies.
- 3089 • The types of activities it carries out (e.g., sales, marketing, manufacturing, distribution) and  
3090 the geographic locations of these activities.
- 3091 • The types of products and services it offers and the markets it serves (i.e., the types of  
3092 customers and beneficiaries targeted, and the geographic locations where products and  
3093 services are offered).

- 3094 • The sectors in which the organization is active and their characteristics (e.g., whether they  
3095 involve informal work, whether they are labor or resource intensive).
- 3096 • The number of employees, including whether they are full-time, part-time, non-guaranteed  
3097 hours, permanent or temporary, and their demographic characteristics (e.g., age, gender,  
3098 geographic location).
- 3099 • The number of workers who are not employees and whose work is controlled by the  
3100 organization, including the types of worker (e.g., agency workers, contractors, self-employed  
3101 persons, volunteers), their contractual relationship with the organization (i.e., whether the  
3102 organization engages these workers directly or indirectly through a third party), and the work  
3103 they perform.

#### 3104 **Business relationships**

3105 The organization's business relationships include relationships with business partners, entities in its  
3106 value chain (including entities beyond the first tier), and any other entities directly linked to its  
3107 operations, products, or services. The organization should consider the following in relation to its  
3108 business relationships:

- 3109 • The types of business relationships it has (e.g., joint ventures, suppliers, franchisees).
- 3110 • The types of activities undertaken by those with which it has business relationships (e.g.,  
3111 manufacturing the organization's products, providing security services to the organization).
- 3112 • The nature of the business relationships (e.g., whether they are based on a long-term or  
3113 short-term contract, whether they are based on a specific project or event).
- 3114 • The geographic locations where the activities of the business relationships take place.

#### 3115 **Sustainability context**

3116 The organization should consider the following to understand the sustainability context of its activities  
3117 and business relationships:

- 3118 • Economic, environmental, human rights, and other societal challenges at local, regional, and  
3119 global levels related to the organization's sectors and the geographic location of its activities  
3120 and business relationships (e.g., climate change, lack of law enforcement, poverty, political  
3121 conflict, water stress).
- 3122 • The organization's responsibility regarding the authoritative intergovernmental instruments  
3123 with which it is expected to comply.  
3124 Examples include the *International Labour Organization (ILO) Tripartite Declaration of*  
3125 *Principles concerning Multinational Enterprises and Social Policy* [1]; the *Organisation for*  
3126 *Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises*  
3127 [3]; the *United Nations (UN) Framework Convention on Climate Change (FCCC) Paris*  
3128 *Agreement* [4]; the *UN Guiding Principles on Business and Human Rights* [5]; and the *UN*  
3129 *International Bill of Human Rights* [6].
- 3130 • The organization's responsibility regarding the laws and regulations with which it is expected  
3131 to comply.

3132 See the [Sustainability context principle in GRI 1: Foundation 2021](#) for more information.

#### 3133 **Stakeholders**

3134 The organization should identify who its stakeholders are across its activities and business  
3135 relationships and engage with them to help identify its impacts.

3136 The organization should draw a full list of individuals and groups whose interests are affected or could  
3137 be affected by the organization's activities. Common categories of stakeholders for organizations are  
3138 business partners, civil society organizations, consumers, customers, employees and other workers,  
3139 governments, local communities, non-governmental organizations, shareholders and other investors,  
3140 suppliers, trade unions, and vulnerable groups. The organization can further draw a distinction  
3141 between those individuals and groups whose human rights are affected or could be affected, and  
3142 individuals and groups with other interests.

3143 When identifying its stakeholders, the organization should ensure it identifies any individuals or  
3144 groups it does not have a direct relationship with (e.g., workers in the supply chain or local  
3145 communities that live at a distance from the organization's operations) and those who are unable to  
3146 articulate their views (e.g., future generations) but whose interests are affected or could be affected  
3147 by the organization's activities.

3148 Different lists of stakeholders can be drawn per activity, project, product or service, or other  
3149 classification that is relevant for the organization.

3150 See [Box 2](#) in this Standard for information on engaging with stakeholders.

## 3151 **Step 2. Identify actual and potential impacts**

3152 In this step, the organization identifies its actual and potential impacts on the economy, environment,  
3153 and people, including impacts on their human rights, across the organization's activities and business  
3154 relationships. Actual impacts are those that have already occurred, and potential impacts are those  
3155 that could occur but have not yet occurred. These impacts include negative and positive impacts,  
3156 short-term and long-term impacts, intended and unintended impacts, and reversible and irreversible  
3157 impacts.

3158 To identify its impacts, the organization can use information from diverse sources. It can use  
3159 information from its own or third-party assessments of impacts on the economy, environment, and  
3160 people, including impacts on their human rights. It can also use information from legal reviews, anti-  
3161 corruption compliance management systems, financial audits, occupational health and safety  
3162 inspections, and shareholder filings. It can also use information from any other relevant assessments  
3163 of business relationships carried out by the organization or by industry or multi-stakeholder initiatives.

3164 Further information can be gathered through grievance mechanisms that the organization has  
3165 established itself, or that have been established by other organizations. The organization can also use  
3166 information from broader enterprise risk management systems, provided that these systems identify  
3167 the organization's impacts on the economy, the environment, and people, in addition to identifying  
3168 risks for the organization itself. It can also use information from external sources, such as news  
3169 organizations and civil society organizations.

3170 In addition, the organization should seek to understand the concerns of its stakeholders (see [Box 2](#) in  
3171 this Standard) and consult internal and external experts, such as civil society organizations or  
3172 academics.

### 3173 **Box 2. Engaging with relevant stakeholders and experts**

3174 The organization should seek to understand the concerns of its stakeholders by consulting them  
3175 directly in a way that takes into account language and other potential barriers (e.g., cultural  
3176 differences, gender and power imbalances, divisions within the community). Identifying and removing  
3177 potential barriers is necessary to ensure that stakeholder engagement is effective.

3178 Engagement with at-risk or vulnerable groups may necessitate specific approaches and call for  
3179 special attention. Such approaches include removing social barriers that limit the participation of  
3180 women in public forums and removing physical barriers that prevent remotely located communities  
3181 from attending a meeting.

3182 The organization should respect the human rights of all stakeholders and other individuals with whom  
3183 it engages (e.g., their rights to privacy, freedom of expression, and peaceful assembly and protest)  
3184 and it should protect them against reprisals (i.e., non-retaliation for raising complaints or concerns).

3185 Broad engagement with stakeholders may not be possible in cases that involve many stakeholders or  
3186 in cases that involve impacts which result in collective harm. For example, broad engagement may  
3187 not be possible in the case of corruption, which collectively harms the population of the jurisdiction in  
3188 which it takes place, or in the case of greenhouse gas (GHG) emissions, which contribute to  
3189 collective, transboundary harm.

3190 In such cases, the organization may engage with credible stakeholder representatives or proxy  
3191 organizations (e.g., non-governmental organizations, trade unions). This is also relevant in cases  
3192 where engaging with individuals could undermine certain rights or collective interests. For example,

3193 when considering a decision to restructure or shut down a factory, it may be important for an  
3194 organization to engage with trade unions to mitigate the employment impacts of the decision. In such  
3195 a case, engaging with individual workers could undermine the right of workers to form or join trade  
3196 unions and to bargain collectively.

3197 The degree of impact on stakeholders may inform the degree of engagement. The organization  
3198 should prioritize the most severely affected or potentially affected stakeholders for engagement.

3199 Where direct consultation is not possible, the organization should consider reasonable alternatives,  
3200 such as consulting credible independent experts, such as national human rights institutions, human  
3201 rights and environmental defenders, trade unions, and other members of civil society.

3202 See references [2] and [5] in the Bibliography.

3203 In this step, the organization needs to consider the impacts described in the applicable GRI Sector  
3204 Standards and determine whether these impacts apply to it.

3205 Impacts may change over time as the organization's activities, business relationships, and context  
3206 evolve. New activities, new business relationships, and major changes in operations or the operating  
3207 context (e.g., new market entry, product launch, policy change, wider changes to the organization)  
3208 could lead to changes in the organization's impacts. For this reason, the organization should assess  
3209 its context and identify its impacts on an ongoing basis.

3210 In cases where the organization has limited resources available for identifying its impacts, it should  
3211 first identify its negative impacts, before identifying positive impacts, to ensure it complies with  
3212 applicable laws, regulations, and authoritative intergovernmental instruments.

### 3213 **Identifying negative impacts**

3214 Identifying actual and potential negative impacts with which the organization is involved or could be  
3215 involved is the first step of due diligence. The organization should consider actual and potential  
3216 impacts that it causes or contributes to through its activities, as well as actual and potential impacts  
3217 that are directly linked to its operations, products, or services by its business relationships (see [Box 3](#)  
3218 in this Standard).

3219 In some cases, the organization might be unable to identify actual and potential negative impacts  
3220 across all its activities and business relationships. This could be, for example, because the  
3221 organization has diverse or multiple global operations or because its value chain comprises many  
3222 entities. In such cases, the organization may carry out an initial assessment or scoping exercise to  
3223 identify general areas across its activities and business relationships (e.g., product lines, suppliers  
3224 located in specific geographic locations) where negative impacts are most likely to be present and  
3225 significant. Once the organization has conducted the initial assessment or scoping exercise, it can  
3226 identify and assess actual and potential negative impacts for these general areas.

3227 As part of the initial assessment or scoping exercise, the organization should consider impacts  
3228 commonly associated with its sectors, its products, geographic locations, or with specific  
3229 organizations (i.e., impacts associated with a specific entity of the organization, or with an entity it has  
3230 a business relationship with, such as a poor history of conduct in relation to respecting human rights).  
3231 It should also consider impacts it has been involved with or knows it is likely to be involved with. In  
3232 addition to the GRI Sector Standards, the organization can use the *Organisation for Economic Co-  
3233 operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct* [2]  
3234 and the OECD sectoral guidance on due diligence [13] for information on impacts commonly  
3235 associated with sectors, products, geographic locations, and specific organizations. It can also use  
3236 reports from governments, environmental agencies, international organizations, civil society  
3237 organizations, workers' representatives and trade unions, national human rights institutions, media, or  
3238 other experts.

3239 See references [2], [3], and [5] in the Bibliography.

### 3240 **Box 3. Causing, contributing, or being directly linked to negative impacts**

3241 An organization '**causes**' a negative impact if its activities on their own result in the impact, for  
3242 example, if the organization pays a bribe to a foreign public official, or if it withdraws water from a  
3243 water-stressed aquifer without replenishing the water level.



3244 An organization ‘**contributes to**’ a negative impact if its activities lead, facilitate, or incentivize  
3245 another entity to cause the impact. The organization can also contribute to a negative impact if its  
3246 activities in combination with the activities of other entities cause the impact. For example, if the  
3247 organization sets a short lead time for a supplier to deliver a product, despite knowing from  
3248 experience that this production time is not feasible, this could result in excessive overtime for the  
3249 supplier’s workers. In such a case, the organization may contribute to negative impacts on the health  
3250 and safety of these workers.

3251 An organization can cause or contribute to a negative impact through its actions as well as by failure  
3252 to take action (e.g., failure to prevent or mitigate a potential negative impact).

3253 Even if an organization does not cause or contribute to a negative impact, its operations, products, or  
3254 services may be ‘**directly linked to**’ a negative impact by its business relationship. For example, if  
3255 the organization uses cobalt in its products that is mined using child labor, the negative impact (i.e.,  
3256 child labor) is directly linked to the organization’s products through the tiers of business relationships  
3257 in its supply chain (i.e., through the smelter and minerals trader, to the mining enterprise that uses  
3258 child labor), even though the organization has not caused or contributed to the negative impact itself.  
3259 ‘Direct linkage’ is not defined by the link between the organization and the other entity, and is  
3260 therefore not limited to direct contractual relationships, such as ‘direct sourcing’.

3261 The way the organization is involved with negative impacts determines how it should address the  
3262 impacts and whether it has a responsibility to provide for or cooperate in their remediation (see  
3263 [section 2.3 in GRI 1: Foundation 2021](#)).

3264 See references [2] and [5] in the Bibliography. For additional guidance and examples, see the  
3265 *Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for*  
3266 *Responsible Business Conduct* [2], pages 70-72, and the United Nations’ (UN) *The Corporate*  
3267 *Responsibility to Respect Human Rights: An Interpretive Guide* [15], pages 15-18.

### 3268 **Identifying positive impacts**

3269 To identify its actual and potential positive impacts, the organization should assess the manner in  
3270 which it contributes or could contribute to sustainable development through its activities, for example,  
3271 through its products, services, investments, procurement practices, employment practices, or tax  
3272 payments. This also includes assessing how the organization can shape its purpose, business model,  
3273 and strategies so that it delivers positive impacts that contribute to the goal of sustainable  
3274 development.

3275 An example of a positive impact is an organization adopting measures that lower the cost of  
3276 renewable energy for customers, thereby allowing more customers to switch from using non-  
3277 renewable energy to renewable energy, and thus contributing to mitigating climate change. Another  
3278 example is an organization choosing an area with high unemployment to open a new facility so that it  
3279 can hire and train unemployed members of the local community, and in this way contribute to job  
3280 creation and community development.

3281 The organization should consider any negative impacts that could result from activities that aim for a  
3282 positive contribution to sustainable development. Negative impacts cannot be offset by positive  
3283 impacts. For example, a renewable energy installation may reduce a region’s dependence on fossil  
3284 fuels and bring energy to underserved communities. However, if it displaces local indigenous  
3285 communities from their lands or territories without their consent, this negative impact should be  
3286 addressed and remediated, and it cannot be compensated by the positive impacts.

### 3287 **Step 3. Assess the significance of the impacts**

3288 The organization may identify many actual and potential impacts. In this step, the organization  
3289 assesses the significance of its identified impacts to prioritize them. Prioritization enables the  
3290 organization to take action to address the impacts and also to determine its material topics for  
3291 reporting. Prioritizing impacts for action is relevant where it is not feasible to address all impacts at  
3292 once.

3293 Assessing the significance of the impacts involves quantitative and qualitative analysis. How  
3294 significant an impact is will be specific to the organization and will be influenced by the sectors in

3295 which it operates and its business relationships, among other factors. In some instances, this may  
3296 need a subjective decision. The organization should consult with relevant stakeholders (see [Box 2](#) in  
3297 this Standard) and business relationships to assess the significance of its impacts. The organization  
3298 should also consult relevant internal or external experts.

### 3299 **Assessing the significance of negative impacts**

3300 The significance of an actual negative impact is determined by the severity of the impact. The  
3301 significance of a potential negative impact is determined by the severity and likelihood of the impact.

3302 The combination of the severity and the likelihood of a negative impact can be referred to as 'risk'.  
3303 The assessment of the significance of the impacts can be included within broader enterprise risk  
3304 management systems, provided that these systems assess the impacts the organization has on the  
3305 economy, the environment, and people, in addition to assessing risks for the organization itself.

#### 3306 Severity

3307 The severity of an actual or potential negative impact is determined by the following characteristics:

- 3308 • Scale: how grave the impact is.
- 3309 • Scope: how widespread the impact is, for example, the number of individuals affected or the  
3310 extent of environmental damage.
- 3311 • Irremediable character: how hard it is to counteract or make good the resulting harm.

3312 The scale of a negative impact (i.e., how grave the impact is) can depend on whether the impact  
3313 leads to non-compliance with laws and regulations or with authoritative intergovernmental instruments  
3314 with which the organization is expected to comply. For example, if a negative impact leads to a  
3315 violation of human rights or fundamental rights at work, or to non-compliance with the reductions in  
3316 greenhouse gas (GHG) emissions to be achieved under the *United Nations (UN) Framework  
3317 Convention on Climate Change (FCCC) Paris Agreement* [4], the scale of this impact can be  
3318 considered greater.

3319 The scale of a negative impact can also depend on the context in which the impact takes place. For  
3320 example, the scale of the impact of an organization's water withdrawal can depend on the area from  
3321 which water is withdrawn. The scale will be greater if water is withdrawn from an area affected by  
3322 water stress, compared to an area that has abundant water resources to meet the demands of water  
3323 users and ecosystems.

3324 Any of the three characteristics (scale, scope, and irremediable character) can make an impact  
3325 severe. But it is often the case that these characteristics are interdependent: the greater the scale or  
3326 the scope of an impact, the less remediable it is.

3327 The severity – and therefore the significance – of an impact are not absolute concepts. The severity of  
3328 an impact should be assessed in relation to the other impacts of the organization. For example, an  
3329 organization should compare the severity of the impacts of its GHG emissions against the severity of  
3330 its other impacts. The organization should not assess the significance of its GHG emissions in relation  
3331 to global GHG emissions, as that comparison could lead to the misleading conclusion that the  
3332 organization's emissions are not significant.

3333 See references [2], [3], and [5] in the Bibliography.

#### 3334 Likelihood

3335 The likelihood of a potential negative impact refers to the chance of the impact happening. The  
3336 likelihood of an impact can be measured or determined qualitatively or quantitatively. It can be  
3337 described using general terms (e.g., very likely, likely) or mathematically using probability (e.g., 10 in  
3338 100, 10%) or frequency over a given time period (e.g., once every three years).<sup>1</sup>

#### 3339 Human rights

3340 In the case of potential negative human rights impacts, the severity of the impact takes precedence  
3341 over its likelihood. For example, an organization operating a nuclear power facility may prioritize the

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<sup>1</sup> International Organization for Standardization (ISO), *ISO 31000:2018 Risk management – Guidelines*, 2018.

3342 potential impact related to loss of life in cases of natural disasters affecting the power facility, even  
3343 though natural disasters are less likely to occur than other incidents.

3344 The severity of a negative human rights impact is not limited to physical harm. Highly severe impacts  
3345 can occur in relation to any human right. For example, interfering with, damaging, or destroying a  
3346 sacred space without consultation or agreement with the people for whom the space has spiritual  
3347 importance can have a highly severe impact on their cultural rights.

3348 When prioritizing other types of impacts, such as potential negative environmental impacts, the  
3349 organization may also choose to prioritize them based on severity alone.

#### 3350 ***Assessing the significance of positive impacts***

3351 The significance of an actual positive impact is determined by the scale and scope of the impact. The  
3352 significance of a potential positive impact is determined by the scale and scope as well as the  
3353 likelihood of the impact.

##### 3354 Scale and scope

3355 In the case of positive impacts, the scale of an impact refers to how beneficial the impact is or could  
3356 be, and the scope refers to how widespread the impact is or could be (e.g., the number of individuals  
3357 or the extent of environmental resources that are or could be positively affected).

##### 3358 Likelihood

3359 The likelihood of a potential positive impact refers to the chance of the impact happening. The  
3360 likelihood of an impact can be measured or determined qualitatively or quantitatively. It can be  
3361 described using general terms (e.g., very likely, likely) or mathematically using probability (e.g., 10 in  
3362 100, 10%) or frequency over a given time period (e.g., once every three years).<sup>2</sup>

### 3363 **Step 4. Prioritize the most significant impacts for reporting**

3364 In this step, to determine its material topics for reporting, the organization prioritizes its impacts based  
3365 on their significance.

#### 3366 ***Setting a threshold to determine which topics are material***

3367 The significance of an impact is assessed in relation to the other impacts the organization has  
3368 identified. The organization should arrange its impacts from most to least significant and define a cut-  
3369 off point or threshold to determine which of the impacts it will focus its reporting on. The organization  
3370 should document this threshold. To facilitate prioritization, the organization should group the impacts  
3371 into topics (see [Box 4](#) in this Standard).

3372 For example, when setting a threshold, the organization first groups its impacts into a number of  
3373 topics and ranks them, based on their significance, from highest to lowest priority. The organization  
3374 then needs to determine how many of the topics it will report on, starting with those that have the  
3375 highest priority. Where to set the threshold is up to the organization. For transparency, the  
3376 organization can provide a visual representation of the prioritization that shows the initial list of topics  
3377 it has identified and the threshold it has set for reporting.

3378 The significance of an impact is the sole criterion to determine whether a topic is material for  
3379 reporting. The organization cannot use difficulty in reporting on a topic, or the fact that it does not yet  
3380 manage the topic, as criteria to determine whether or not to report on the topic. In cases where the  
3381 organization does not manage a material topic, it can report the reasons for not doing so, or any plans  
3382 to manage the topic, to comply with the requirements in [Disclosure 3-3 Management of material](#)  
3383 [topics](#) in this Standard.

3384 While some topics can cover both negative and positive impacts, it may not always be possible to  
3385 compare the two. Additionally, negative impacts cannot be offset by positive impacts. The  
3386 organization should therefore prioritize negative impacts separately from positive impacts.

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<sup>2</sup> International Organization for Standardization (ISO), *ISO 31000:2018 Risk management – Guidelines*, 2018.

3387 Even if the organization has not prioritized an actual or potential negative impact for reporting, it may  
3388 still have a responsibility to address the impact in line with applicable laws, regulations, or  
3389 authoritative intergovernmental instruments. See [section 2.3 in GRI 1: Foundation 2021](#) for more  
3390 information.

#### 3391 **Box 4. Grouping impacts into topics**

3392 Grouping impacts into topics, like 'water and effluents', helps the organization report in a cohesive  
3393 way about multiple impacts that relate to the same topic.

3394 The organization can group impacts into topics according to general categories that relate to a  
3395 business activity, stakeholder category, type of business relationship, or an economic or  
3396 environmental resource. For example, an organization's activities result in water pollution, which  
3397 causes negative impacts on both ecosystems and on local communities' access to safe drinking  
3398 water. The organization can group these impacts into the topic of 'water and effluents' as both  
3399 impacts relate to its use of water.

3400 The organization can refer to the topics in the GRI Topic Standards and the GRI Sector Standards.  
3401 These topics provide a useful reference for understanding the range of impacts that can be covered in  
3402 each topic. For impacts or topics that are not covered by the GRI Standards, the organization can  
3403 refer to other sources, such as authoritative intergovernmental instruments or industry standards.

#### 3404 **Testing the material topics**

3405 The organization should test its selection of material topics against the topics in the applicable GRI  
3406 Sector Standards. This helps the organization ensure that it has not overlooked any topics that are  
3407 likely to be material for its sectors.

3408 The organization should also test its selection of material topics with potential information users and  
3409 experts who understand the organization or its sectors and have insight into one or more of the  
3410 material topics. This can help the organization validate the threshold it has set to determine which  
3411 topics are material to report. Examples of experts the organization can consult are academics,  
3412 consultants, investors, lawyers, national institutions, and non-governmental organizations.

3413 The organization should seek external assurance to assess the quality and credibility of its process of  
3414 determining material topics. See [section 5.2 in GRI 1](#) for more information on seeking external  
3415 assurance.

3416 This testing process results in a list of the organization's material topics.

#### 3417 **Approval of the material topics**

3418 The organization's highest governance body should review and approve the list of material topics. If  
3419 such a body does not exist, the list should be approved by a senior executive or group of senior  
3420 executives in the organization.

#### 3421 **Determining what to report for each material topic**

3422 Once the organization has determined its material topics, it needs to determine what to report for  
3423 each material topic. See [Requirement 4](#) and [Requirement 5](#) in *GRI 1* for information about how to  
3424 report on material topics.

#### 3425 **Box 5. Using GRI Sector Standards to determine material topics**

3426 The GRI Sector Standards provide information for organizations about their likely material topics. The  
3427 topics have been identified on the basis of the sectors' most significant impacts, using multi-  
3428 stakeholder expertise, authoritative intergovernmental instruments, and other relevant evidence.

3429 The organization is required to use the applicable Sector Standards when determining its material  
3430 topics (see [Requirement 3-b in GRI 1: Foundation 2021](#)). Using the Sector Standards is not a  
3431 substitute for the process of determining material topics, but an aid. The organization still needs to  
3432 consider its own specific circumstances when determining its material topics.

3433 The organization is required to review each topic described in the applicable Sector Standards and  
3434 determine whether it is a material topic for the organization.

3435 There can be cases where a topic included in the applicable Sector Standards is not material for the  
3436 organization. This may be because the organization assesses the specific impacts the topic covers to  
3437 be absent. It may also be because, compared to other impacts of the organization, the ones that the  
3438 topic covers are not among the most significant.

3439 For example, an organization in the oil and gas sector is required to use *GRI 11: Oil and Gas Sector*  
3440 *2021* when determining its material topics. One of the topics included in this Sector Standard is land  
3441 and resource rights. Oil and gas projects often require land for operations, access routes, and  
3442 distribution. This can lead to impacts such as involuntary resettlement of local communities, which  
3443 can involve their physical displacement, as well as economic displacement through lost access to  
3444 resources. However, if the organization's oil and gas projects do not result in these impacts and will  
3445 not result in these impacts in the future, the organization may determine that the topic of land and  
3446 resource rights is not a material topic for the organization. In such a case, the reporting organization is  
3447 required to explain why it has determined that this topic, which is likely to be material for organizations  
3448 in the oil and gas sector, is not a material topic for the organization.

3449 If any of the topics that are included in the applicable Sector Standards have been determined by the  
3450 organization as not material, the organization is required to list them in the GRI content index and  
3451 explain why they are not material (see [Requirement 3-b-ii in GRI 1](#)). This explanation helps  
3452 information users understand why the organization has determined that topics identified as likely to be  
3453 material for the organization's sectors are not material in its specific circumstances.

3454 A brief explanation in the GRI content index of why the topic is not material is sufficient to comply with  
3455 [Requirement 3-b-ii in GRI 1](#). In the previous example, the organization could explain that land and  
3456 resource rights is not a material topic because its existing oil and gas projects are located in  
3457 uninhabited areas and there are no plans to start projects in new areas.

## 3458 2. Disclosures on material topics

3459 The disclosures in this section provide information about the organization's material topics, how the  
3460 organization has determined these topics, and how it manages each material topic. Material topics  
3461 are topics that represent the organization's most significant impacts on the economy, environment,  
3462 and people, including impacts on their human rights. [Section 1](#) of this Standard provides guidance on  
3463 how to determine material topics and helps in understanding and reporting the disclosures in this  
3464 section.

### 3465 Disclosure 3-1 Process to determine material topics

#### 3466 Requirements

3467 The organization shall:

- 3468 a. describe the process it has followed to determine its material topics, including:
- 3469 i. how it has identified actual and potential, negative and positive impacts on the  
3470 economy, environment, and people, including impacts on their human rights,  
3471 across its activities and business relationships;
- 3472 ii. how it has prioritized the impacts for reporting based on their significance;
- 3473 b. specify the stakeholders and experts whose views have informed the process of  
3474 determining its material topics.

#### 3475 Guidance

3476 This disclosure requires information on how the organization has determined its material topics. The  
3477 list of material topics is reported under [Disclosure 3-2](#) in this Standard.

3478 The organization is required to use the applicable GRI Sector Standards when determining its  
3479 material topics. If any of the topics that are included in the applicable Sector Standards have been  
3480 determined by the organization as not material, the organization is required to list them in the GRI  
3481 content index and explain why they are not material. See [Requirement 5](#) and [Requirement 7](#) in *GRI 1:  
3482 Foundation 2021* and [Box 5](#) in this Standard for more information.

3483 In the absence of applicable Sector Standards, the organization should explain how it has considered  
3484 impacts commonly associated with its sectors, and whether any of these impacts have been  
3485 determined as not material, together with an explanation for why this is the case. The organization  
3486 should also explain how it has considered impacts commonly associated with its products and  
3487 geographic locations. See [section 1](#) in this Standard and the Sector Standards for guidance on  
3488 impacts commonly associated with sectors, products, and geographic locations.

#### 3489 **Guidance to 3-1-a-i**

3490 The organization should describe the methods it has used to identify its impacts, for example,  
3491 economic, environmental, social, and human rights impact assessments, [grievance mechanisms](#), or  
3492 using information from external sources, such as civil society organizations. The organization should  
3493 describe the sources and the evidence it has used to identify the impacts.

3494 The organization should also describe the scope it has defined when identifying the impacts, for  
3495 example, whether it has identified short-term as well as long-term impacts. The organization should  
3496 also describe any limitations or exclusions, for example, whether it has excluded business  
3497 relationships from certain parts of its [value chain](#) when identifying the impacts.

3498 [Disclosure 2-12 in GRI 2: General Disclosures 2021](#) requires information on the role of the [highest  
3499 governance body](#) in overseeing the organization's [due diligence](#) and other processes to identify its  
3500 impacts on the economy, environment, and people.

#### 3501 **Guidance to 3-1-a-ii**

3502 The organization should describe how it has assessed the significance of the impacts, including any  
3503 assumptions and subjective judgements it has made.

3504 The significance of an actual negative impact is determined by the [severity](#) of the impact (scale,  
3505 scope, and irremediable character), while the significance of a potential negative impact is determined  
3506 by the severity and likelihood of the impact. In the case of potential negative human rights impacts,  
3507 the severity of the impact takes precedence over its likelihood.

3508 The significance of an actual positive impact is determined by the scale and scope of the impact,  
3509 while the significance of a potential positive impact is determined by its scale and scope as well as its  
3510 likelihood.

3511 See [section 1](#) in this Standard for more guidance on assessing the significance of impacts.

3512 The organization should explain if it has used a different approach to prioritize its impacts, for  
3513 example, if it has prioritized potential negative environmental impacts based on severity only.

3514 The organization should also describe how it has defined the threshold to determine which topics are  
3515 material for reporting, and whether it has tested its selection of material topics with potential  
3516 information users and experts. The organization is required to report whether the [highest governance  
3517 body](#) is responsible for reviewing and approving the reported information, including the organization's  
3518 material topics, under [Disclosure 2-14 in GRI 2](#). The organization should explain any changes to its  
3519 initial selection of material topics following internal approval and testing with potential information  
3520 users and experts.

3521 For transparency, the organization can provide a visual representation of the prioritization that shows  
3522 the initial list of topics it has identified and the threshold it has set for reporting.

#### 3523 **Guidance to 3-1-b**

3524 Requirement 3-1-b enables the organization to explain how engagement with stakeholders and  
3525 experts informs the ongoing identification and assessment of its impacts.

3526 The organization can report whether and how it has prioritized stakeholders for engagement and the  
3527 methods used to engage with them. It can also report any conflicting interests that have arisen among  
3528 different stakeholders and how the organization has resolved these conflicting interests.

3529 **Disclosure 3-2 List of material topics**

3530 **Requirements**

3531 **The organization shall:**

- 3532 **a. list its material topics;**
- 3533 **b. report changes to the list of material topics compared to the previous reporting period.**

3534 **Guidance**

3535 This disclosure requires information on the organization's material topics. The process of determining  
3536 material topics is reported under [Disclosure 3-1](#) in this Standard.

3537 The organization is required to include the material topics listed under this disclosure in the GRI  
3538 content index. If any of the topics that are included in the applicable Sector Standards have been  
3539 determined by the organization as not material, the organization is required to list them in the content  
3540 index and explain why they are not material. See [Requirement 5](#) and [Requirement 7](#) in *GRI 1:  
3541 Foundation 2021* for more information.

3542 **Guidance to 3-2-a**

3543 The organization can group material topics by relevant categories if this helps communicate its  
3544 impacts. For example, the organization can indicate which of its material topics represent its negative  
3545 human rights impacts.

3546 **Guidance to 3-2-b**

3547 Requirement 3-2-b enables the organization to explain why a topic that it determined as material in  
3548 the previous reporting period is no longer considered to be material, or why a new topic has been  
3549 determined as material for the current reporting period.

## 3550 Disclosure 3-3 Management of material topics

### 3551 Requirements

3552 For each material topic reported under [Disclosure 3-2](#), the organization shall:

- 3553 a. describe the actual and potential, negative and positive impacts on the economy,  
3554 environment, and people, including impacts on their human rights;
- 3555 b. report whether the organization is involved with the negative impacts through its activities  
3556 or as a result of its business relationships, and describe the activities or business  
3557 relationships;
- 3558 c. describe its policies or commitments regarding the material topic;
- 3559 d. describe actions taken to manage the topic and related impacts, including:
- 3560 i. actions to prevent or mitigate potential negative impacts;
- 3561 ii. actions to address actual negative impacts, including actions to provide for or  
3562 cooperate in their remediation;
- 3563 iii. actions to manage actual and potential positive impacts;
- 3564 e. report the following information about tracking the effectiveness of the actions taken:
- 3565 i. processes used to track the effectiveness of the actions;
- 3566 ii. goals, targets, and indicators used to evaluate progress;
- 3567 iii. the effectiveness of the actions, including progress toward the goals and targets;
- 3568 iv. lessons learned and how these have been incorporated into the organization's  
3569 operational policies and procedures;
- 3570 f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and  
3571 how it has informed whether the actions have been effective (3-3-e).

### 3572 Guidance

3573 This disclosure requires the organization to explain how it manages each of its material topics. This  
3574 means that the organization is required to report this disclosure for each of its material topics. The  
3575 requirements in this disclosure apply to every material topic.

3576 In addition to this disclosure, there may also be disclosures and guidance in the Topic Standards and  
3577 Sector Standards that address reporting information about how the organization manages a topic. For  
3578 example, some Topic Standards contain disclosures about specific actions or methods to manage a  
3579 topic. The organization does not need to repeat this information under Disclosure 3-3 if it is already  
3580 reported under another disclosure. The organization can report the information once and provide a  
3581 reference to this information to fulfill the corresponding requirements in Disclosure 3-3.

3582 If the organization's approach to managing a material topic, such as its policies or actions taken,  
3583 applies to other material topics, the organization does not need to repeat this information for each  
3584 topic. The organization can report this information once, with a clear explanation of all the topics it  
3585 covers.

3586 If the organization cannot report the required information about an item specified in this disclosure  
3587 because the item (e.g., policy, action) does not exist, it can comply with the requirement by reporting  
3588 this to be the case. The organization can explain the reasons for not having this item, or describe any  
3589 plans to develop it. The disclosure does not require the organization to implement the item (e.g.,  
3590 developing a policy), but to report that the item does not exist.



3591 If the organization does not manage a material topic, it can comply with the requirements under this  
3592 disclosure by explaining the reasons for not managing the topic or describing any plans to manage it.

3593 **Guidance to 3-3-a**

3594 Requirement 3-3-a enables the organization to indicate if a topic is material because of negative  
3595 impacts, positive impacts, or both. It does not require a list of all the impacts identified or a detailed  
3596 description of the impacts. Instead, the organization can provide a high-level overview of the impacts  
3597 it has identified.

3598 Describing negative impacts

3599 The organization can describe:

- 3600 • whether the negative impacts are actual or potential;
- 3601 • the time frame of the negative impacts (i.e., whether the negative effects are short-term or  
3602 long-term and when they are likely to arise);
- 3603 • whether the negative impacts are systemic (e.g., child labor or forced labor in countries where  
3604 the organization operates or sources materials from) or are related to individual incidents  
3605 (e.g., an oil spill);
- 3606 • the economic resources, environmental resources, and stakeholders (without identifying  
3607 specific individuals) that are negatively affected or could be negatively affected, including their  
3608 geographic location.

3609 Reporting information about negative impacts can help the organization demonstrate that it  
3610 recognizes these impacts and that it has taken action or intends to take action to address them. The  
3611 organization may have concerns about reporting information about negative impacts even if these  
3612 impacts are publicly known. In cases where negative impacts are publicly known, failure to  
3613 acknowledge these impacts and to explain how they are being addressed could have consequences  
3614 for the organization financially, operationally, or reputationally. If the organization is unable to disclose  
3615 specific information (e.g., because of stakeholders' right to privacy), it can provide the information in  
3616 aggregated or anonymized form, or it can make a reference to the impacts commonly associated with  
3617 its sectors, its products, or geographic locations. [11]

3618 Describing positive impacts

3619 The organization can describe:

- 3620 • whether the positive impacts are actual or potential;
- 3621 • the time frame of the positive impacts (i.e., whether the positive effects are short-term or long-  
3622 term and when they are likely to arise);
- 3623 • the activities that result in the positive impacts (e.g., products, services, investments,  
3624 procurement practices);
- 3625 • the economic resources, environmental resources, and stakeholders (without identifying  
3626 specific individuals) that are positively affected or could be positively affected, including their  
3627 geographic location.

3628 **Guidance to 3-3-b**

3629 The way the organization is involved with negative impacts determines how it should address the  
3630 impacts, and whether it has a responsibility to provide for or cooperate in their remediation (see  
3631 [section 2.3 in GRI 1: Foundation 2021](#)). Requirement 3-3-b provides contextual information that aids  
3632 an understanding of the actions taken by the organization to manage its negative impacts. The  
3633 actions taken are reported under 3-3-d-i and 3-3-d-ii.

3634 Under requirement 3-3-b, the organization is required to report whether it is involved with the negative  
3635 impacts through its activities or as a result of its business relationships. Where possible, the  
3636 organization should also report:

- 3637 • whether it is or could be causing or contributing to the negative impacts through its activities;  
3638 or

3639 • whether the impacts are or could be directly linked to its operations, products, or services by  
3640 its business relationships even if it has not contributed to them.

3641 See [Box 3](#) in this Standard for more information on causing, contributing, or being directly linked to  
3642 negative impacts.

3643 Under requirement 3-3-b, the organization is also required to describe the activities or business  
3644 relationships. This enables the organization to indicate if the impacts related to a material topic are  
3645 widespread in the organization's activities or business relationships, or if the impacts concern specific  
3646 activities or business relationships.

3647 If the impacts concern specific activities, the organization should describe the types of activities (e.g.,  
3648 manufacturing, retail) and their geographic location. If the impacts concern specific business  
3649 relationships, the organization should describe the types of business relationships (e.g., suppliers of  
3650 raw materials, franchisees), their position in the value chain, and their geographic location.

3651 For example, if the organization has identified that its activities at specific sites could cause water  
3652 pollution, it should describe the types of activities carried out at these sites and the geographic  
3653 location of these sites. Or if the organization has identified that it is directly linked to child labor by the  
3654 business relationships in its supply chain, it should specify the types of suppliers using child labor  
3655 (e.g., sub-contractors doing embroidery work for the organization's products) and the geographic  
3656 location of these suppliers.

3657 The organization can provide additional contextual information for understanding the extent of its  
3658 impacts. Adding to the previous examples, the organization can report how many of its sites could  
3659 cause water pollution (e.g., 60% of sites, five out of 12 sites) or the proportion of production these  
3660 sites represent, or it can report the estimated number of sub-contractors using child labor that do  
3661 embroidery work for the organization.

#### 3662 **Guidance to 3-3-c**

3663 Requirement 3-3-c entails describing the policies or commitments the organization has developed  
3664 specifically for the topic, in addition to the policy commitments reported under [Disclosure 2-23 in GRI](#)  
3665 [2: General Disclosures 2021](#). If the organization has described its policies for a material topic under  
3666 Disclosure 2-23, it can provide a reference to this information under 3-3-c and does not need to  
3667 repeat the information. See [Disclosure 2-23 in GRI 2](#) for guidance on how to report information about  
3668 policies.

3669 When reporting its commitments regarding the material topic, the organization should provide a  
3670 statement of intent to manage the topic, or explain:

- 3671 • the organization's stance on the topic;
- 3672 • whether the commitment to manage the topic is based on regulatory compliance or extends  
3673 beyond it;
- 3674 • compliance with authoritative intergovernmental instruments related to the topic.

#### 3675 **Guidance to 3-3-d**

3676 Requirement 3-3-d enables the organization to explain how it responds to its impacts. It does not  
3677 require a detailed description of actions taken in relation to each impact. Instead, the organization can  
3678 provide a high-level overview of how it manages its impacts.

3679 The organization should report how it integrates the findings from its identification and assessment of  
3680 impacts across relevant internal functions and processes, including:

- 3681 • the level and function within the organization that has been assigned responsibility for  
3682 managing the impacts;
- 3683 • the internal decision-making, budget allocation, and oversight processes (e.g., internal audit)  
3684 to enable effective actions to manage the impacts.

3685 [Disclosure 2-12](#) and [Disclosure 2-13](#) in [GRI 2](#) require information on the role of the highest  
3686 governance body in overseeing the management of the organization's impacts and on how it  
3687 delegates responsibility for this.

3688 The organization should also report how it manages actual impacts that were identified in previous  
3689 reporting periods and which it continues to manage during the current reporting period.

3690 **Guidance to 3-3-d-i**

3691 The organization should report:

- 3692 • examples of actions taken to prevent or mitigate potential negative impacts (e.g.,  
3693 adaptation/modification measures, facility upgrading, training, red-flag systems);
- 3694 • approaches taken to prevent or mitigate systemic negative impacts;
- 3695 • how the organization applies the precautionary principle, including:
  - 3696 – how the organization proactively informs the public about potential negative impacts of its  
3697 activities, products, and services, and how it deals with related questions and complaints;
  - 3698 – the organization's support or contribution to scientific research related to evaluating  
3699 potential negative impacts of its activities, products, and services;
  - 3700 – the organization's participation in collaborative efforts to share knowledge and to prevent  
3701 negative impacts of its activities, products, and services;
- 3702 • how the organization uses or increases its leverage to motivate its business relationships to  
3703 prevent or mitigate potential negative impacts. For example, whether the organization uses or  
3704 increases its leverage by enforcing contractual requirements, implements incentives such as  
3705 future orders, provides training and support, or actively collaborates with other actors to  
3706 motivate its business relationships to prevent or mitigate potential negative impacts;
- 3707 • whether the organization has terminated a business relationship because it lacks the leverage  
3708 to prevent or mitigate potential negative impacts and, if so, whether it has assessed if  
3709 terminating the relationship could itself result in negative impacts.

3710 See [Guidance to 2-23-a-iii in GRI 2](#) for more information on 'precautionary principle'.

3711 **Guidance to 3-3-d-ii**

3712 The organization should report:

- 3713 • examples of actions taken to remediate actual negative impacts, including examples of  
3714 specific remedies or types of remedy provided;
- 3715 • how grievance mechanisms or other remediation processes (reported under [Disclosure 2-25](#)  
3716 [in GRI 2](#)) have made it possible for actual negative impacts to be remediated.

3717 See [Disclosure 2-25 in GRI 2](#) for more information on processes to remediate negative impacts.

3718 **Guidance to 3-3-e**

3719 Requirement 3-3-e enables the organization to report information about the effectiveness of its actions  
3720 to manage its impacts. Tracking the effectiveness of its actions is necessary for an organization so  
3721 that it can learn if its policies and processes are being implemented optimally. It is also necessary for  
3722 knowing if it has responded effectively to its impacts and to drive continuous improvement.

3723 The organization should also report information about the effectiveness of its actions to manage  
3724 actual impacts from previous reporting periods. This applies in cases where the organization has  
3725 assessed the effectiveness of these actions or derived lessons during the current reporting period.

3726 **Guidance to 3-3-e-i**

3727 Processes used to track the effectiveness of actions can include internal or external auditing or  
3728 verification, impact assessments, measurement systems, stakeholder feedback, grievance  
3729 mechanisms, external performance ratings, and benchmarking.

3730 **Guidance to 3-3-e-ii**

3731 When reporting on goals and targets, the organization should report:

- 3732 • how the goals and targets are set;

3733 • whether and how the goals and targets take into account the sustainability context in which  
3734 the impacts take place (e.g., sustainable development goals and conditions, the limits and  
3735 demands placed on environmental resources). See the [Sustainability context principle in GRI](#)  
3736 [1](#) for more information;

3737 • whether the goals and targets are informed by expectations in authoritative intergovernmental  
3738 instruments and, where relevant, by scientific consensus;

3739 • whether goals and targets are mandatory (based on legislation) or voluntary. If they are  
3740 mandatory, the organization can list the relevant legislation;

3741 • the organization's activities or business relationships to which the goals and targets apply;

3742 • the baseline for the goals and targets;

3743 • the timeline for achieving the goals and targets.

3744 Targets can be qualitative (e.g., implementing a management system by a certain date) or  
3745 quantitative (e.g., reducing greenhouse gas [GHG] emissions by a certain percentage by a certain  
3746 date).

3747 The indicators used to evaluate progress can also be qualitative or quantitative. Quantitative  
3748 indicators can bring precision and enable comparisons. Qualitative information is often needed to put  
3749 quantitative information into context, enable its interpretation, and determine which comparisons and  
3750 conclusions are likely to be most valid. The Topic Standards and Sector Standards include qualitative  
3751 and quantitative indicators.

#### 3752 **Guidance to 3-3-e-iii**

3753 Requirement 3-3-e-iii enables the organization to show the extent to which the actions taken have  
3754 been effective. Information on the effectiveness of the actions can be obtained, for example, from the  
3755 outcomes of internal or external auditing or verification, data collected through measurement systems,  
3756 and stakeholder feedback. The organization should show that there is a credible link between the  
3757 specific action taken by the organization and the effective management of impacts.

3758 For example, to show the effectiveness of the actions it has taken to support its suppliers with  
3759 improving their working conditions, the organization can report survey feedback from the suppliers'  
3760 workers showing that working conditions have improved. Additional information the organization can  
3761 provide include data showing a decrease in the number of incidents identified through independent  
3762 audits.

3763 Similarly, to demonstrate the effectiveness of its actions to improve the quality of its water discharge,  
3764 the organization can report data showing a decrease in the concentration of total dissolved solids  
3765 (mg/L) in the water discharge.

3766 When reporting progress toward its goals and targets, the organization should report whether  
3767 progress is satisfactory or not. If a goal or target has not been achieved, the organization should  
3768 explain why.

#### 3769 **Guidance to 3-3-e-iv**

3770 Managing impacts is typically an ongoing process requiring continuous improvement based on  
3771 learning from practice.

3772 The organization is not required to provide a detailed description of lessons learned in relation to each  
3773 material topic. Instead, the organization can provide examples to show how it incorporates lessons  
3774 learned to manage impacts more successfully in the future.

3775 For example, the organization can briefly describe lessons learned that have led to changes in its  
3776 policies or practices (e.g., training for workers, giving additional attention to the performance of  
3777 suppliers), or that have led to plans for changes that will manage impacts more successfully in the  
3778 future.

3779 Lessons learned may be derived from the organization's own processes (e.g., root cause analysis),  
3780 from its business relationships, or from stakeholder or expert feedback.

3781 **Guidance to 3-3-f**

3782 The organization can explain, for example, whether and how affected stakeholders have been  
3783 involved in determining an appropriate remedy for a negative impact, or how stakeholder feedback is  
3784 used to assess the effectiveness of the actions taken.

This document does not represent an official position of the GSSB

3785

# Glossary

3786 This glossary provides definitions for terms used in this Standard. The organization is required to  
3787 apply these definitions when using the GRI Standards.

3788 The definitions included in this glossary may contain terms that are further defined in the complete  
3789 [GRI Standards Glossary](#). All defined terms are underlined. If a term is not defined in this glossary or in  
3790 the complete *GRI Standards Glossary*, definitions that are commonly used and understood apply.

## 3791 **business partner**

3792 entity with which the organization has some form of direct and formal engagement for the purpose of  
3793 meeting its business objectives

3794 Source: Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015; modified

3795 Examples: affiliates, business-to-business customers, clients, first-tier suppliers, franchisees, joint  
3796 venture partners, investee companies in which the organization has a shareholding position

3797 Note: Business partners do not include subsidiaries and affiliates that the organization controls.

## 3798 **business relationships**

3799 relationships that the organization has with business partners, with entities in its value chain including  
3800 those beyond the first tier, and with any other entities directly linked to its operations, products, or  
3801 services

3802 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
3803 *United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

3804 Note: Examples of other entities directly linked to the organization's operations, products, or services  
3805 are a non-governmental organization with which the organization delivers support to a local  
3806 community, or state security forces that protect the organization's facilities.

## 3807 **due diligence**

3808 process to identify, prevent, mitigate, and account for how the organization addresses its actual and  
3809 potential negative impacts

3810 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
3811 *United Nations "Protect, Respect and Remedy" Framework*, 2011; and Organisation for Economic Co-  
3812 operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011; modified

3813 Note: See [section 2.3 in GRI 1: Foundation 2021](#) for more information on 'due diligence'.

## 3814 **employee**

3815 individual who is in an employment relationship with the organization according to national law or  
3816 practice

## 3817 **full-time employee**

3818 employee whose working hours per week, month, or year are defined according to national law or  
3819 practice regarding working time

## 3820 **grievance mechanism**

3821 routinized process through which grievances can be raised and remedy can be sought

3822 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
3823 *United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

3824 Note: See [Guidance to Disclosure 2-25 in GRI 2: General Disclosures 2021](#) for more information on  
3825 'grievance mechanism'.

3826 **highest governance body**

3827 governance body with the highest authority in the organization

3828 Note: In some jurisdictions, governance systems consist of two tiers, where supervision and  
3829 management are separated or where local law provides for a supervisory board drawn from non-  
3830 executives to oversee an executive management board. In such cases, both tiers are included under  
3831 the definition of highest governance body.

3832 **human rights**

3833 rights inherent to all human beings, which include, at a minimum, the rights set out in the *United*  
3834 *Nations (UN) International Bill of Human Rights* and the principles concerning fundamental rights set  
3835 out in the *International Labour Organization (ILO) Declaration on Fundamental Principles and Rights*  
3836 *at Work*

3837 Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the*  
3838 *United Nations "Protect, Respect and Remedy" Framework*, 2011; modified

3839 Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on 'human  
3840 rights'.

3841 **impact**

3842 effect the organization has or could have on the economy, environment, and people, including on their  
3843 human rights, which in turn can indicate its contribution (negative or positive) to sustainable  
3844 development

3845 Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or  
3846 unintended, and reversible or irreversible.

3847 Note 2: See [section 2.1 in GRI 1: Foundation 2021](#) for more information on 'impact'.

3848 **local community**

3849 individuals or groups of individuals living or working in areas that are affected or that could be affected  
3850 by the organization's activities

3851 Note: The local community can range from those living adjacent to the organization's operations to  
3852 those living at a distance.

3853 **material topics**

3854 topics that represent the organization's most significant impacts on the economy, environment, and  
3855 people, including impacts on their human rights

3856 Note: See [section 2.2 in GRI 1: Foundation 2021](#) and [section 1 in GRI 3: Material Topics 2021](#) for  
3857 more information on 'material topics'.

3858 **mitigation**

3859 action(s) taken to reduce the extent of a negative impact

3860 Note: The mitigation of an actual negative impact refers to actions taken to reduce the severity of the  
3861 negative impact that has occurred, with any residual impact needing remediation. The mitigation of a  
3862 potential negative impact refers to actions taken to reduce the likelihood of the negative impact  
3863 occurring.

3864 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive*  
3865 *Guide*, 2012; modified

- 3866 **non-guaranteed hours employee**
- 3867 employee who is not guaranteed a minimum or fixed number of working hours per day, week, or  
 3868 month, but who may need to make themselves available for work as required
- 3869 Examples: casual employees, employees with zero-hour contracts, on-call employees
- 3870 Source: ShareAction, *Workforce Disclosure Initiative Survey Guidance Document*, 2020; modified
- 3871 **part-time employee**
- 3872 employee whose working hours per week, month, or year are less than the number of working hours  
 3873 for full-time employees
- 3874 **permanent employee**
- 3875 employee with a contract for an indeterminate period (i.e., indefinite contract) for full-time or part-time  
 3876 work
- 3877 **remedy / remediation**
- 3878 means to counteract or make good a negative impact / provision of remedy
- 3879 Examples: apologies, restitution, restoration, rehabilitation, financial or non-financial compensation,  
 3880 and punitive sanctions (whether criminal or administrative, such as fines), prevention of harm through  
 3881 injunctions or guarantees of non-repetition
- 3882 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive*  
 3883 *Guide*, 2012; modified
- 3884 **reporting period**
- 3885 specific time period covered by the reported information
- 3886 Examples: fiscal year, calendar year
- 3887 **senior executive**
- 3888 high-ranking member of the management of the organization, such as the Chief Executive Officer  
 3889 (CEO) or an individual reporting directly to the CEO or the highest governance body
- 3890 **severity (of an impact)**
- 3891 The severity of an actual or potential negative impact is determined by its scale (i.e., how grave the  
 3892 impact is), scope (i.e., how widespread the impact is), and irremediable character (how hard it is to  
 3893 counteract or make good the resulting harm).
- 3894 Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive*  
 3895 *Guide*, 2012; and the Organisation for Economic Co-operation and Development (OECD), *OECD Due*  
 3896 *Diligence Guidance for Responsible Business Conduct*, 2018; modified
- 3897 Note: See [section 1 in GRI 3: Material Topics 2021](#) for more information on 'severity'.
- 3898 **stakeholder**
- 3899 individual or group that has an interest that is affected or could be affected by the organization's  
 3900 activities
- 3901 Source: Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence*  
 3902 *Guidance for Responsible Business Conduct*, 2018; modified
- 3903 Examples: business partners, civil society organizations, consumers, customers, employees and  
 3904 other workers, governments, local communities, non-governmental organizations, shareholders and  
 3905 other investors, suppliers, trade unions, vulnerable groups
- 3906 Note: See [section 2.4 in GRI 1: Foundation 2021](#) for more information on 'stakeholder'.



- 3907 **supplier**
- 3908 entity upstream from the organization (i.e., in the organization's supply chain), which provides a  
 3909 product or service that is used in the development of the organization's own products or services
- 3910 Examples: brokers, consultants, contractors, distributors, franchisees, home workers, independent  
 3911 contractors, licensees, manufacturers, primary producers, sub-contractors, wholesalers
- 3912 Note: A supplier can have a direct business relationship with the organization (often referred to as  
 3913 first-tier supplier) or an indirect business relationship.
- 3914 **supply chain**
- 3915 range of activities carried out by entities upstream from the organization, which provide products or  
 3916 services that are used in the development of the organization's own products or services
- 3917 **sustainable development / sustainability**
- 3918 development that meets the needs of the present without compromising the ability of future  
 3919 generations to meet their own needs
- 3920 Source: World Commission on Environment and Development, *Our Common Future*, 1987
- 3921 Note: In the GRI Standards, the terms 'sustainability' and 'sustainable development' are used  
 3922 interchangeably.
- 3923 **temporary employee**
- 3924 employee with a contract for a limited period (i.e., fixed term contract) that ends when the specific  
 3925 time period expires, or when the specific task or event that has an attached time estimate is  
 3926 completed (e.g., the end of a project or return of replaced employees)
- 3927 **value chain**
- 3928 range of activities carried out by the organization, and by entities upstream and downstream from the  
 3929 organization, to bring the organization's products or services from their conception to their end use
- 3930 Note 1: Entities upstream from the organization (e.g., suppliers) provide products or services that are  
 3931 used in the development of the organization's own products or services. Entities downstream from the  
 3932 organization (e.g., distributors, customers) receive products or services from the organization.
- 3933 Note 2: The value chain includes the supply chain.
- 3934 **vulnerable group**
- 3935 group of individuals with a specific condition or characteristic (e.g., economic, physical, political,  
 3936 social) that could experience negative impacts as a result of the organization's activities more  
 3937 severely than the general population
- 3938 Examples: children and youth; elderly persons; ex-combatants; HIV/AIDS-affected households;  
 3939 human rights defenders; indigenous peoples; internally displaced persons; migrant workers and their  
 3940 families; national or ethnic, religious and linguistic minorities; persons who might be discriminated  
 3941 against based on their sexual orientation, gender identity, gender expression, or sex characteristics  
 3942 (e.g., lesbian, gay, bisexual, transgender, intersex); persons with disabilities; refugees or returning  
 3943 refugees; women
- 3944 Note: Vulnerabilities and impacts can differ by gender.
- 3945 **worker**
- 3946 person that performs work for the organization
- 3947 Examples: employees, apprentices, interns, self-employed persons, and persons working for  
 3948 organizations other than the reporting organization, such as for suppliers
- 3949 Note: In the GRI Standards, in some cases it is specified whether a particular subset of workers is  
 3950 required to be used.

3951

# Bibliography

3952 This section lists authoritative intergovernmental instruments and additional references used in  
3953 developing this Standard, as well as resources that can be consulted the organization.

3954 **Authoritative instruments:**

- 3955 1. International Labour Organization (ILO), *Tripartite Declaration of Principles concerning*  
3956 *Multinational Enterprises and Social Policy*, 2017.
- 3957 2. Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence*  
3958 *Guidance for Responsible Business Conduct*, 2018.
- 3959 3. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for*  
3960 *Multinational Enterprises*, 2011.
- 3961 4. United Nations (UN), *Framework Convention on Climate Change (FCCC) Paris Agreement*, 2015.
- 3962 5. United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United*  
3963 *Nations “Protect, Respect and Remedy” Framework*, 2011.
- 3964 6. United Nations (UN), *International Bill of Human Rights:*
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