

# Linking G4 and the UN Guiding Principles



Comply with the UN Guiding  
Principles on Business and Human  
rights through G4 reporting



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# Foreword from Margaret Jungk

*'All human beings are born free and equal in dignity and rights.'* This is the first sentence of the first article of The Universal Declaration of Human Rights. This is what the world agreed to over 70 years ago.

For most of the last 70 years, we focused on human rights in relation to governments. It was the State, after all, that provided services, built infrastructure and had the power to protect against – or commit – the most grave human rights violations.

In recent years, though, the world has changed, and so has the significance of what we agreed to all those years ago. Multinational companies have grown to rival the influence of the governments hosting them. State-owned enterprises and public procurement are playing increasingly important roles in the global economy. With the line between the power of companies and States blurring more each year, the international community came together in 2011 to adopt the UN Guiding Principles on Business and Human Rights, a universal framework that clarifies, once and for all, where the government duty to protect human rights converges with the corporate responsibility to respect human rights.

This GRI linkage document is a practical guide to help companies understand what human rights mean for them in the context of their reporting



processes. Some companies have been using the GRI Sustainability Reporting Guidelines for more than a decade, while others are only just beginning their reporting journeys. Companies use GRI to report on the impacts they cause or to which they contribute through their operations, or the impacts which are directly linked to their operations, products or services by their business relationships.

Policy makers also use GRI to put those impacts into context, promoting greater transparency and ensuring that the practices of the leading companies eventually become the baseline for all. In the years since the adoption of the Guiding Principles, governments around the world have



taken up their duty to protect against the negative impacts of the private sector. This publication is therefore also intended for States and policy makers.

The founders of the Universal Declaration of Human Rights didn't have any way of knowing that the principles they elaborated would one day be relevant to sectors such as ICT and extractives, which have changed significantly since 1948. However, as the impacts of the private sector reach further around the world and deeper into our lives, the human rights framework of the UN Guiding Principles is the best way we have of ensuring that those impacts are not adverse.

The promise of the Universal Declaration from 1948 remains unfulfilled. But as we continue to work toward a world where the respect for human rights is a universal reality rather than an ongoing mission, it is clear that companies will play a critical role. We have the principles to get us to that world, all we need now is the practice. Practical guidance, like this GRI linkage document, is essential for embedding human rights into business practice.

A handwritten signature in black ink, appearing to read 'Margaret Jungk'.

**Margaret Jungk**

*Chair of the UN Working Group on Business and Human Rights*

# Foreword from Michael Meehan

Human rights issues are some of the most critical sustainability challenges of our time. Respect for human rights is an essential component of sustainable development and the private sector has a fundamental and transformational role to play in tackling global human rights challenges.

All companies face challenges to their businesses, including those linked to negative human rights impacts. Within companies, it is the role of executives and boards to identify the risks that relate to potential human rights violations, both throughout the company's operations but also through its relationships and use of the company's products and services. It is the role of the companies' leadership to take measures aimed at the avoidance of negative impacts, and to disclose on those impacts and how they are avoided, mitigated and addressed.

The sustainability reporting process provides guidance in selecting the most relevant impacts, enabling companies to monitor them. The reporting process also enables organizations to communicate how they assess and manage those impacts. Transparency and disclosure of sustainability information on key global challenges, such as human rights, helps to enable more informed decision making, which in turn helps to build trust with all stakeholders, including investors, employees, and the public.



As the architect of the world's sustainability information, GRI envisions a future where sustainability information is a key component in every organization's decision-making process. GRI is helping advance the human rights agenda by developing robust and globally accepted sustainability reporting standards that enable thousands of organizations across the world to understand and communicate their impacts on important sustainability issues, including human rights. The sustainability reporting landscape is evolving and the reporting process is now used as a strategic tool by executives, civil society, investors, governments and other stakeholders. We are already seeing companies utilizing



sustainability data far beyond the confines of a report, incorporating this information into a wide range of organizational strategic priorities. This shift towards an internally-focused process is driving better management, better thinking, and better results. Companies are building better organizations by utilizing sustainability data.

Human rights aspects have always been a fundamental part of the GRI Guidelines, and since 2011, the content of the Guidelines has been aligned with the United Nations' 'Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework.' As a result, disclosures to report on key elements such as assessments, remediation and human rights due diligence are all reflected in the GRI G4 Guidelines..

This linkage document acknowledges the compatibility between the UN Guiding Principles and the GRI G4 Guidelines, with the objective to support all organizations in identifying their most pressing human rights issues, helping them to manage these issues and incorporate them into the very core of their strategies.

A handwritten signature in blue ink, appearing to read 'Michael Meehan', with a long horizontal stroke extending to the right.

**Michael Meehan**

*GRI Chief Executive*

# GRI Sustainability Reporting Standards

GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of organizations on critical sustainability issues. GRI has pioneered sustainability reporting since the late 1990s. With thousands of reporters in over 90 countries, GRI provides the world's most widely used sustainability reporting guidance enabling businesses, governments, civil society and citizens to make better decisions based on information that matters.

for measuring and reporting a company's sustainability impacts and performance on critical sustainability issues such as climate change, human rights, corruption and many others. G4 is fully aligned with other key frameworks, including the OECD Guidelines and the UN Global Compact Principles, to which it includes links throughout.

Sustainability reporting is increasingly recognized as an important means of increasing the transparency and accountability of organizations. Of the world's largest 250 corporations, 93% report on their sustainability performance and 82% of these use GRI Sustainability Reporting Guidelines to do so.<sup>1</sup> As of 1 November 2015, there were over 21,000 GRI Reports in the GRI Sustainability Disclosures Database.

The current version of [GRI Sustainability Reporting Standards, G4](#), is the outcome of more than 15 years of a robust global multi-stakeholder development process. G4 is a leading instrument



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<sup>1</sup> *The KPMG Survey of Corporate Responsibility Reporting 2013*

# UN Guiding Principles on Business and Human Rights

*The United Nations (UN) Guiding Principles on Business and Human Rights* (hereafter Guiding Principles) were endorsed by the UN Human Rights Council in June 2011. They have provided a clear, global understanding of governmental duties and corporate responsibilities for human rights.

The Guiding Principles articulate that wherever and however a company operates, it must refrain from violating human rights. Companies are expected to be fully aware of their human rights impacts, take concrete steps to address them and implement measures to mitigate negative impacts in the future.

The Guiding Principles are widely known and accepted, and have been adopted by, among

others, the International Finance Corporation (IFC)/World Bank, the Organisation for Economic Co-operation and Development (OECD), the International Chamber of Commerce (ICC), and the European Commission (EC). The 2011 version of the 'OECD Guidelines for Multinational Enterprises' (OECD Guidelines) and the 'Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – A renewed EU strategy 2011-14 for Corporate Social Responsibility', have both been aligned with the expectations formulated in the Guiding Principles.



# Linking the Guiding Principles and G4

Many of the Guiding Principles are reflected in G4. This linkage document between the two instruments has been designed to enable businesses to:

- Identify their most pressing human rights issues in order to understand their human rights impacts and performance internally.
- Communicate publicly about observing the Guiding Principles, and about human rights impacts and performance in general, using a well-established reporting system that is trusted, future-focused and goal-oriented, in order to help them manage these issues.
- Meet the expectations formulated in the Guiding Principles through the reporting process in order to integrate them into the very core of their strategies.

## FOCUS ON IMPACTS

The Guiding Principles have defined companies' responsibilities and governments' duties for human rights, and for tackling the adverse impacts caused by business activity (remedies). The focus on impacts is critical. Both the Guiding Principles and G4 are concerned mostly with impacts – in this case, the actual and potential adverse effects regarding human rights which are caused by the behaviour of companies.

Effective communication of impacts is advocated throughout the text of the Guiding Principles and their Commentaries, in particular in Principle 21 (see page 15). Communication can help to foster respect for human rights within companies and

among business communities. This is especially important where business operations or operating contexts pose significant risks to human rights.

## TRANSPARENCY FOR CHANGE

Transparency is also a vital first step toward practical change, both at the policy level and at the corporate level. Society needs information to act upon, and companies require information that assists them in designing appropriate measures aimed at identifying, avoiding, mitigating and remedying negative human rights impacts. An important factor thereby is that the people whose rights are impacted should be involved in the dialogue. Moreover, grievance mechanisms must be made available and accessible for victims of human rights infringements. These changes will not occur without transparent communication – which includes the gathering of a critical mass of reported information on companies' human rights impacts. Furthermore, this information needs to be structured and reliable. It is this kind of human rights information and communication that is driven by G4-based sustainability reporting.

G4's methodology is directly connected to one of the core expectations of the Guiding Principles: human rights due diligence. At a minimum, the process of creating a G4-based report will familiarize companies with all the key concepts of the Guiding Principles. Ultimately, by reporting with G4, a company can understand and demonstrate that its actions respect human rights and meet the expectations outlined in the Guiding Principles.

# Legislation and sustainability disclosure: a growing trend

Governments, policy makers and stock exchanges are increasingly creating laws and regulations for sustainability disclosure. In its lifetime, GRI has seen a trend from voluntary to legally-binding reporting practice. At the time of writing, 30 countries or regions have referred to or recommended the GRI Guidelines in their policies, regulations or other instruments.

## NEW EU DIRECTIVE

One recent legislation regarding sustainability disclosure can be seen in the European Union Directive on disclosure of non-financial and diversity information by certain large companies, which entered into force in December 2014. The Directive introduces measures to strengthen the transparency and accountability of approximately 6000 companies in the EU. These so-called 'public interest entities' with more than 500 employees will be required to (among others) report on environmental, social and employee-related, respect of human rights, anti-corruption and bribery matters. Regarding human rights, the



targeted companies should include a 'non-financial statement' in their annual report, which includes an elaboration of their human rights policies, pertinent measures and the effectiveness thereof. Member states have until the end of 2016 to transpose the Directive into national laws. Denmark was the first country to implement the new EU Directive in July 2015, and adopted a more ambitious model widening the scope to all large companies. The implementation will be

effective from 2016 for the largest listed companies and state owned companies (around 50 companies), and from 2018 for all large companies (around 1050 companies) in Denmark. It is expected that the first company reports will be published in 2018 (financial year 2017-2018).

## DODD-FRANK ACT

Another example of legislation is the 2010 Dodd-Frank Act in the United States, which "requires persons to disclose annually whether any conflict minerals that are necessary to the functionality or production of a product of the person, as defined in the provision, originated

in the Democratic Republic of the Congo or an adjoining country and, if so, to provide a report describing, among other matters, the measures taken to exercise due diligence on the source and chain of custody of those minerals, which must include an independent private sector audit of the report that is certified by the person filing the report.” Among other practices, issuers subject to the rule have to conduct an assessment of their supply chain activities to determine the source of their conflict minerals. Furthermore, the law requires targeted companies that commercially develop oil, natural gas, or minerals to disclose certain payments made to the US or a foreign government.

Both these examples of legislation highlight the growing focus on mandatory disclosure of non-financial information, a trend which is likely to continue with more governments and states creating more policies to ensure the accountability of organizations.

The Guiding Principles cover the issue of disclosure from a regulatory standpoint. Under the content for ‘The State Duty To Protect Human Rights’, point ‘d’ of Guiding Principle 3 stipulates that state regulatory and policy functions aim to “encourage and where appropriate, require business enterprises to communicate how they address their human rights impacts.”



# Reporting on human rights with G4

Human rights impacts and performance can be captured and reported on with G4. G4 requests information with two main types of disclosures: Indicators, which mostly prompt quantitative performance data; and Disclosures on Management Approach (DMA), which are narrative explanations about how a company identifies and manages its impacts and performance.

## DMA IN FOCUS

The DMA are an essential type of G4 disclosure. To facilitate companies' responses, there is a template of 'set questions' for formulating the DMA, known as the Generic DMA. The DMA focus on three things: why an Aspect (sustainability topic) is material, how the impacts are managed, and how this management is evaluated. The DMA also provide context for the data reported with Indicators.

The guidance for the Generic DMA that follows shows the inclusion of the Guiding Principles. It also shows G4's potential effectiveness for reporting on human rights – especially due diligence.

## G4-DMA

### *Guidance for G4-DMA-a*

Describe any processes the organization used to identify its actual or potential impacts, such as due diligence.

### *Guidance for G4-DMA-b*

Describe whether the management approach is intended to avoid, mitigate, or remediate negative impacts, or enhance positive impacts.

## Specific actions

Identify specific actions related to the material Aspect and explain actions taken to achieve goals and targets.

For each of the specific actions identified, the organization may consider explaining:

- Whether specific actions are a part of a due diligence process and aim to avoid, mitigate, or remediate the negative impacts of the material Aspect.
- Whether actions are informed by international norms or standards such as the 'OECD Guidelines for Multinational Enterprises', the 'UN Protect, Respect and Remedy: a Framework for Business and Human Rights', and the 'UN Guiding Principles on Business and Human Rights'.

## HUMAN RIGHTS ASPECTS IN G4

Over the years, GRI has overseen the development of Indicators and DMA for a large range of sustainability topics. In G4, these sustainability topics are called 'Aspects'. The G4 Aspects concerned specifically with human rights include:

- Investment
- Non-discrimination
- Freedom of Association and Collective Bargaining
- Child Labor
- Forced or Compulsory Labor
- Security Practices
- Indigenous Rights
- Assessment
- Supplier Human Rights Assessment
- Human Rights Grievance Mechanisms

Human rights are intertwined with many issues and therefore impacts on human rights may also be reported in a company's coverage of other Aspects, for example Aspects regarding customer privacy, workplace safety, or water.

The human rights content of G4 has been developed on the basis of existing key international instruments, including:

- The United Nations (UN) International Bill of Rights, which is formed by the 'Universal Declaration of Human Rights', 1948.
- The 'International Covenant on Civil and Political Rights', 1966.
- The 'International Covenant on Economic, Social, and Cultural Rights', 1966.

Additionally, the international legal framework for human rights is underpinned by over 80 other instruments, including the ILO Conventions and

Declarations, and the United Nations' 'Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework,' 2011. All of these contribute towards the international normative framework for human rights and are the first reference points for any organization reporting on human rights.



# Common ground between the Guiding Principles and G4

To understand corporate responsibility for human rights – in terms of everyday practice and in terms of reporting – it is important to be familiar with the following concepts, and to understand how they correspond with the Guiding Principles and G4.

The Guiding Principles set a global standard of expected conduct for businesses regarding human rights, and they encourage businesses to comply with this norm by applying human rights due diligence.

## I. HUMAN RIGHTS DUE DILIGENCE

### **Guiding Principle 11 states:**

“Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.”

According to the Guiding Principles, corporate human rights due diligence is the continuous process by which a company applies an adequate risk management system, acts upon any identified human rights risks to mitigate them, implements appropriate measures in order to avoid such risks in any future activities, and communicates how its impacts are addressed.

### **Guiding Principle 17 states:**

“In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.”

Human rights impacts cannot be assessed in isolation. Such impacts can be related to environmental pollution, labor practices or a failure in careful supply chain management (e.g. sourcing from conflict-mines or irresponsible producers), and therefore a broad application of due diligence is recommended. G4 includes due diligence reporting as part of its Generic DMA, which should be found in any credible report. Due diligence is also required in certain G4 Standard Disclosures.

Measuring human rights performance is complex. Comprehensive disclosure about human rights due diligence processes can show how well a company manages human rights impacts, and how well it is implementing its own policies and procedures.

Furthermore, a key element of due diligence is outlined in Guiding Principle 21 – that of mitigating risk – both risks arising from an organizations' impacts and risks arising from communication (or lack thereof) about the impacts. In G4, risk management is addressed in a number of Standard



Disclosures, including G4-45, G46 and G47, in which an organization identifies the highest governance body's role in the identification and management of economic, environmental and social impact risks and the frequency of reviewing these risks. This is key to mitigating and preventing adverse human rights impacts arising from an Aspect.

## 2. MATERIALITY

### Guiding Principle 14 states:

“The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors and with the severity of the enterprise's adverse human rights impacts.”

### Guiding Principle 21 states:

“In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should:

- (a) Be of a form and frequency that reflect an enterprise's human rights impacts and that are accessible to its intended audiences;

- (b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved;
- (c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.”

Guiding Principle 14 states that the “responsibility to respect” applies to all enterprises. The same Principle indicates that “the scale and complexity of the means through which enterprises meet that responsibility may vary.” One of the factors in variation is “the severity of the enterprise's adverse human rights impacts.” While it is not realistic for companies to report their impacts on every human right, neither should they pick and choose or disregard some rights in their practices and reporting. Companies therefore need to consider carefully which rights, stakeholders and situations they can and do affect, and which are the most relevant ones for the purposes of transparency, accountability, and performance.

This is where materiality comes in. Materiality, as defined in G4, is “the threshold at which Aspects become sufficiently important that they should be reported. Beyond this threshold, not all material Aspects are of equal importance and the emphasis within a report should reflect the relative priority of these material Aspects. The sustainability report should cover Aspects that:

- reflect the organization's significant economic, environmental and social impacts; or





- substantively influence the assessments and decisions of stakeholders”.

To define the Aspects to be included in the report, companies should consider input obtained as a result of stakeholder engagement processes as well as legitimately established societal expectations. In case of conflicting views or differing expectations among stakeholders, companies should explain how a balance was reached vis-à-vis reporting decisions.

Human rights reporting should be comprehensive without being overwhelming. It needs to be achievable in terms of resources, meet stakeholder expectations, and give an accurate assessment of a company’s actual and potential adverse human rights impacts.

To help companies make accurate assessments of materiality vis-à-vis human rights, G4 provides a template – its process guidance for defining material Aspects and Boundaries (G4 Implementation Manual, pp. 31-40).

### 3. ORGANIZATIONAL BOUNDARY

**Guiding Principle 13 states:**

The responsibility to respect human rights requires that business enterprises:

- (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;

- (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.

Boundaries refer to a description of where the impacts occur for each material Aspect. In setting the Aspect Boundaries, an organization should consider impacts within and outside the organization. The same perspective applies in G4 reporting. Disclosure should go beyond what is owned or controlled, and focus instead on the impacts caused or contributed to. The impact is then reported on, wherever it occurs.

The Commentary for Guiding Principle 13 states: “Business enterprises may be involved with adverse human rights impacts either through their own activities or as a result of their business relationships with other parties.” Therefore, a human rights due diligence process should also cover “adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships.”

The Commentary to Guiding Principle 13 explains that “a business enterprise’s ‘activities’ are understood to include both actions and omissions; and its ‘business relationships’ are understood to include relationships with business partners, entities in its value chain, and any other non-State or State entity directly linked to its business operations, products or services.”



Consequently, the Guiding Principles stipulate that companies address the human rights impacts that they have caused, contributed to, or that are directly linked to their operations, products or services by their business relationships. This means that a company's consideration of impacts should not stop with the entities it owns or controls, but that this responsibility extends beyond its (legal) organizational boundaries. The Guiding Principles use the concept of "leverage" to denote the influence that a company may have and ripple effects that it generates simply by existing and utilizing a supply chain.

Guidance is given on how to define where impacts occur both within and outside of the organization. In G4, "within the organization" means the group of entities that are reported in G4-I7. These impacts do not always occur throughout the entire organization – the organization needs to evaluate in which entities within the organization the impacts occur.

## 4. SUPPLY CHAIN

### **Guiding Principle 13 states:**

"The responsibility to respect human rights requires that business enterprises:

(...)

- (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts."

### **Guiding Principle 17 states:**

"(...) Human rights due diligence:

- (a) Should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships;

Business relationships, as defined in Commentary 13 of the Guiding Principles, are understood to include relationships with business partners, entities in a company's value chain, and any other non-State or State entity directly linked to the company's business operations, products or services.

G4 defines a supply chain as a "sequence of activities or parties that provides products or services to the organization." Throughout G4, a number of disclosures concerning the supply chain are woven into the coverage of broader sustainability issues – the environment, labor practices, and so on. This integration of supply chain-related content was one of the updates undertaken during G4's development, and was influenced by the publication of the Guiding Principles in 2011 and the revised OECD Guidelines, 2011.

G4's supply chain disclosures require companies to first assess and describe their supply chain; this



alone can offer immediate insights. The disclosures then focus on environmental, labor, social and human rights impacts – including those the company has caused or contributed to, or that can be linked with its activities. In line with the Guiding Principles, the deciding factor is the impact – not ownership or control of particular suppliers.

Five of G4's Indicators refer explicitly to supply chain management. Specifically, Indicators G4-HRI0 and G4-HRI1 seek to elucidate the processes for identifying and assessing significant actual and potential negative human rights impacts in the supply chain.

This process of identification can kick-start the addressing of those impacts. The text of Indicators G4-HRI0 and G4-HRI1 also points out that due diligence should be initiated as early as possible in a relationship with a new supplier. Potential negative human rights impacts can be prevented or mitigated at the stage of structuring contracts or other agreements.

As stated in the commentary of Guiding Principle 17 “Conducting appropriate human rights due diligence should also help business enterprises address the risk of legal claims against them, based on or related to complicity by showing that they took every reasonable step to avoid involvement with an alleged human rights abuse.”

## 5. REPORTING

### **Guiding Principle 20 states:**

“In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response. Tracking should:

- (a) Be based on appropriate qualitative and quantitative indicators;
- (b) Draw on feedback from both internal and external sources, including affected stakeholders.”

### **Guiding Principle 21 states:**

“In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should:

- (a) Be of a form and frequency that reflect an enterprise's human rights impacts and that are accessible to its intended audiences;



- (b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved;
- (c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality."

The above cited Guiding Principles advocate that business enterprises communicate on how they address their human rights impacts, which can range from informal engagement with affected stakeholders to formal public reporting. The Commentary to Guiding Principle 20 clarifies that the results of tracking the implementation of policies throughout the business organization should be integrated into relevant internal reporting processes. It states that business enterprises can employ the tools which they already use in relation to assessing and reporting on other issues. Specifically mentioned are: "performance contracts and reviews as well as surveys and audits, using gender-disaggregated data where relevant (...)" and: "Operational-level grievance mechanisms can also provide important feedback on the effectiveness of the business enterprise's human rights due diligence from those directly affected (see Principle 29)."

Reporting on these is not only a way to communicate the steps that companies are taking to address human rights impacts, but it's also a way to identify gaps in order to generate improvements in the processes aiming to mitigate human rights risks. G4 provides a well-established and referenced framework that addresses the

most important features of the Guiding Principles – including those listed above.

In G4, it is acknowledged that in exceptional cases it may not be possible to disclose certain information. In those cases, a report should clearly identify the information that has been omitted; and G4 offers a prepared list of reasons for omission, from which the enterprise can select the most appropriate. As non-financial reporting practices evolve, companies that use G4 may gain valuable experience in the credibility and efficiency of using this kind of response.



**G4 ASPECT IN THE SPOTLIGHT:**

## Supplier Human Rights Assessment

**Guiding Principle 18 states:**

In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships.

Supplier Human Rights Assessment is one of the human rights-specific Aspects (topics) included in G4.

The Aspect-specific DMA for this topic which follows is designed to guide companies in formulating their response to the DMA (the

explanation of how a company manages a topic and its impacts).

**ASPECT-SPECIFIC GUIDANCE FOR G4-DMA-B.**

Describe the systems used to screen new suppliers using human rights criteria. List the human rights criteria used to screen new suppliers. Human rights criteria or human rights impact assessments may cover:

- Child labor
- Discrimination
- Forced or compulsory labor
- Freedom of association and collective bargaining
- Indigenous rights
- Security practices



**G4 ASPECT IN THE SPOTLIGHT:**

## Supplier Human Rights Assessment

Describe processes used, such as due diligence, to identify and assess significant actual and potential negative human rights impacts in the supply chain. Negative impacts include those that are either caused or contributed to by the organization, or that are linked to its activities, products, or services by its relationship with a supplier.

Describe how the organization identifies and prioritizes suppliers for assessment of human rights impacts. Assessments may be informed by audits, contractual reviews, two-way engagement, and grievance and complaint mechanisms.

Describe actions taken to address the significant actual and potential negative human rights impacts identified in the supply chain. Explain if the actions are intended to prevent, mitigate, or remediate the impacts. Actions taken may include the adjustment of the organization's procurement practices, the adjustment of performance expectations, capacity building, training, changes to processes and terminating the relationship with a supplier.

Describe how expectations are established and defined in contracts with suppliers to promote

the prevention, mitigation, and remediation of significant actual and potential negative human rights impacts (including targets and objectives).

Describe whether suppliers are incentivized and rewarded for the prevention, mitigation, and remediation of significant actual and potential negative human rights impacts.

Describe practices for assessing and auditing suppliers and their products and services using human rights criteria.

List the type, system, scope, frequency, current implementation of assessment and audit, and which parts of the supply chain have been certified and audited. Assessments and audits of suppliers and their products and services using human rights criteria may be undertaken by the organization, by a second party or by a third party.

Describe the systems in place to assess the potential negative impacts of terminating a relationship with a supplier as a result of human rights impact assessment, and the organization's strategy to mitigate these impacts.

# Appendix A: The Human Rights Indicators in G4

These indicators can be found in the [G4 Implementation Manual](#) pp. 173-197. It is important to note that many Aspects that provide insight into human rights performance and impacts can be found in other (sub-) Categories in the Guidelines, and are not limited to the Human Rights sub-Category.

You can also access all of the G4 content from [G4 Online](#) - GRI's online tool supporting G4 users.

## SPECIFIC STANDARD DISCLOSURES

### CATEGORY: SOCIAL

#### SUB-CATEGORY: HUMAN RIGHTS

##### Aspect: Investment

G4-HR1

Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent Human rights screening

G4-HR2

Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

##### Aspect: Non-discrimination

G4-HR3

Total number of incidents of discrimination and corrective actions taken

##### Aspect: Freedom of Association and Collective Bargaining

G4-HR4

Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

## SPECIFIC STANDARD DISCLOSURES

### CATEGORY: SOCIAL

#### Aspect: Child Labor

G4-HR5

Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor

#### Aspect: Forced or Compulsory Labor

G4-HR6

Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor

#### Aspect: Security Practices

G4-HR7

Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations

#### Aspect: Indigenous Rights

G4-HR8

Total number of incidents of violations involving rights of indigenous peoples and actions taken

## SPECIFIC STANDARD DISCLOSURES

### CATEGORY: SOCIAL

#### Aspect: Assessment

G4-HR9

Total number and percentage of operations that have been subject to human rights reviews or impact assessments

#### Aspect: Supplier Human Rights Assessment

G4-HR10

Percentage of new suppliers that were screened using human rights criteria

G4-HR11

Significant actual and potential negative human rights impacts in the supply chain and actions taken

#### Aspect: Human Rights Grievance Mechanisms

G4-HR12

Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms

## OTHER RELEVANT DISCLOSURES IN G4

Other disclosures in the G4 Guidelines are also relevant for communicating how a company has met the expectations formulated in the Guiding Principles:

## GENERAL STANDARD DISCLOSURES

Indicator	Location in G4*
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### STRATEGY AND ANALYSIS

G4-I	p. 24
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### GOVERNANCE

G4-45	p. 39
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G4-46	p. 39
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G4-47	p. 39
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## SPECIFIC STANDARD DISCLOSURES

Indicator	Location in G4*
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### CATEGORY: ENVIRONMENTAL

#### Supplier Environmental Assessment

G4-EN32	p. 63
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G4-EN33	p. 63
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Aspect-specific DMA Guidance	Implementation Manual pp. 136-137
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#### Environmental Grievance Mechanisms

G4-EN34	p. 63
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Aspect-specific DMA Guidance	Implementation Manual p. 140
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### CATEGORY: SOCIAL

#### SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

##### Supplier Assessment for Labor Practices

G4-LA14	p. 69
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G4-LA15	p. 69
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Aspect-specific DMA Guidance	Implementation Manual pp. 167-168
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##### Labor Practices Grievance Mechanisms

G4-LA16	p. 69
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Aspect-specific DMA Guidance	Implementation Manual p. 171
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#### SUB-CATEGORY: SOCIETY

##### Supplier Assessment for Impacts on Society

G4-SO9	p. 78
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G4-SO10	p. 79
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Aspect-specific DMA Guidance	Implementation Manual pp. 215-216
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##### Grievance Mechanisms for Impacts on Society

G4-SO11	p. 78
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Aspect-specific DMA Guidance	Implementation Manual p. 219
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\* Location in G4 Reporting Principles and Standard Disclosures, unless otherwise stated.

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