

# INTEGRATED REPORTING 2022



**Paradisi**

equilibrio dinamico  
dal 1957

Società Benefit

in copertina:

**trottola**

pendolo con sfera rotante

*progetto di*

Anastasia Graziosi

Gianmarco Bolletta

*materiale*

Ottone CW614N

*dimensioni*

ø20

*lavorazioni*

Tornitura, Lucidatura,

Trattamento di

cataforesi trasparente

*Alle nostre famiglie,  
il dono a cui teniamo di più  
e a cui, paradossalmente,  
dedichiamo meno tempo.*

**© Paradisi srl Società Benefit**

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dal 1957  
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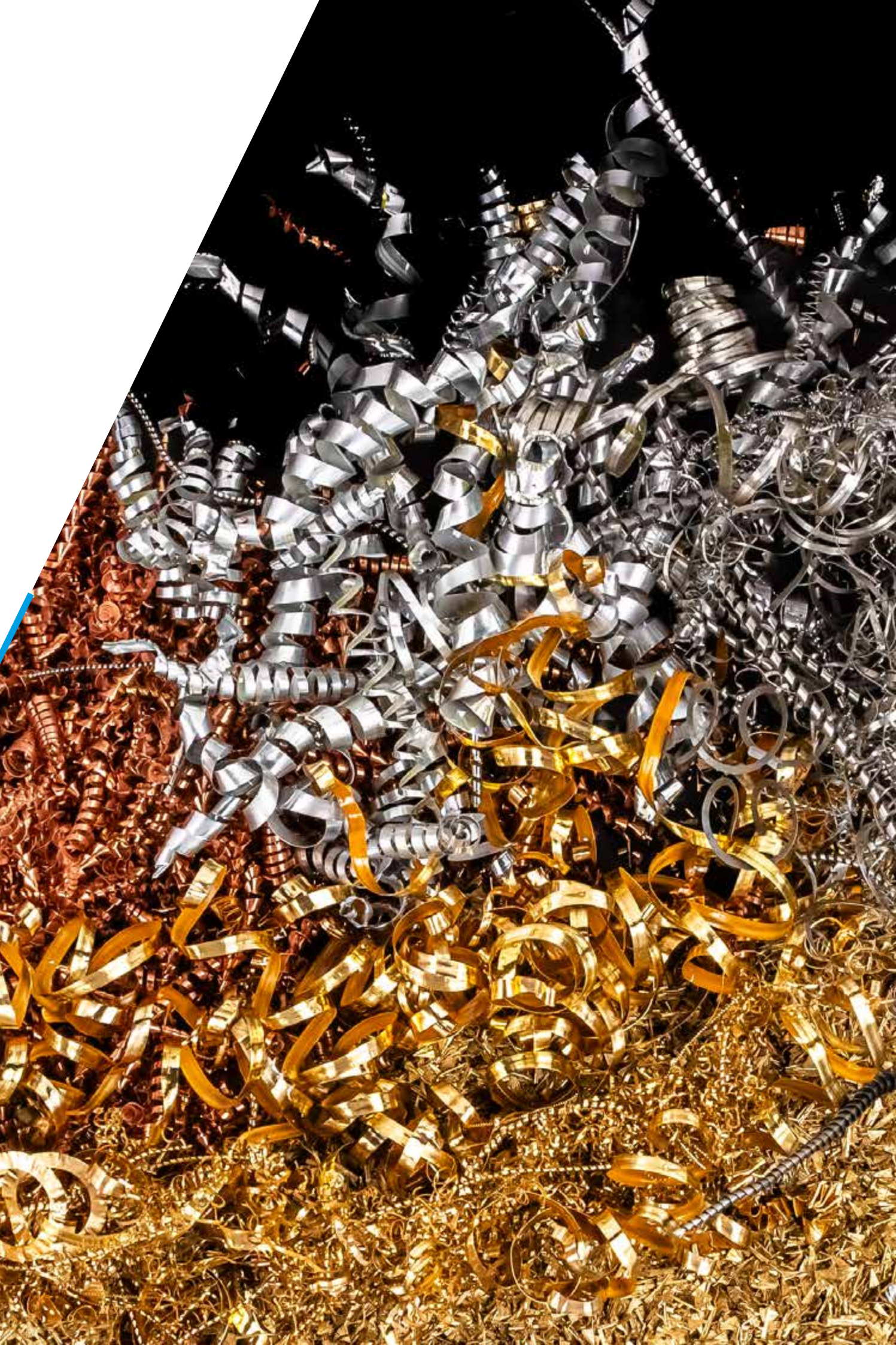


# 1

LETTERA  
AD









\* Forma giuridica introdotta con la Legge n. 208/2015, art. 1, commi da 376 a 382. "376. Le disposizioni previste dai commi dal presente al comma 382 hanno lo scopo di promuovere la costituzione e favorire la diffusione di società, di seguito denominate «società benefit», che nell'esercizio di una attività economica, oltre allo scopo di dividerne gli utili, perseguono una o più finalità di beneficio comune e operano in modo responsabile, sostenibile e trasparente nei confronti di persone, comunità, territori e ambiente, beni ed attività culturali e sociali, enti e associazioni ed altri portatori di interesse. 377. Le finalità di cui al comma 376 sono indicate specificatamente nell'oggetto sociale della società benefit e sono perseguite mediante una gestione volta al bilanciamento con l'interesse dei soci e con l'interesse di coloro sui quali l'attività sociale possa avere un impatto."

Cari Amici,

ben ritrovati al consueto appuntamento annuale!

Quest'anno, prima di condividere i risultati ottenuti e l'andamento economico finanziario dell'azienda vorremmo raccontarvi la storia della collaborazione insolita e affascinante nata quest'anno tra la nostra azienda e il Liceo artistico "Edgardo Mannucci" di Jesi.

Attraverso la creatività e la vena artistica degli studenti, abbiamo trasformato i nostri metalli di uso comune, in autentici gioielli, 'preziosi' appunto.

Con questa iniziativa abbiamo voluto costruire un ponte virtuoso tra il mondo dell'arte orafa insegnata agli studenti e quello dell'industria e della produzione di serie. Grazie a questo progetto (Dalla collaborazione e dallo scambio di idee,) gli studenti hanno avuto l'opportunità di apprendere dai nostri tecnici come progettare, disegnare e poi industrializzare un gioiello e, dall'altra parte, i nostri ragazzi hanno potuto cimentarsi in qualcosa di completamente nuovo uscendo dai classici schemi tecnici e confrontandosi con la creatività e la vena artistica degli studenti.

Il tema di quest'anno **"Metalli, preziosi. L'arte di trasformare l'ordinario in straordinario"** descrive la sinergia innovativa, creativa e artistica nata durante questo progetto e esalta il lavoro di tutta la squadra Paradisi che da sempre si occupa di trasformare metalli 'ordinari' in piccoli prodotti 'straordinari', dimostrando che il vero valore delle 'cose' risiede nel talento, nella visione originale e nella capacità di risolvere i problemi rompendo gli schemi e le convenzioni del quotidiano.

Questo è da sempre l'approccio con cui affrontiamo le sfide che ci si presentano ogni giorno. L'anno 2022 è stato caratterizzato dalla brusca decelerazione dell'andamento positivo del fatturato del 2021. La ripresa economica post-pandemia è stata rallentata soprattutto dagli effetti del conflitto tra Ucraina e Russia, in particolare dalla forte ondata di rincari dei prezzi dell'energia e delle materie prime e dalla difficoltà di approvvigionamento di queste ultime. Nonostante l'instabile situazione geopolitica, siamo riusciti a mantenere i nostri risultati positivi e siamo convinti che questo sia strettamente correlato al modo di operare della nostra società: trasparente e sostenibile.

In quanto società Benefit\*, in questo report non vi presentiamo soltanto i numeri economici, ma anche i risultati raggiunti e i nuovi obiettivi che ci diamo su temi cardine del nostro fare impresa in maniera sostenibile. Siamo convinti che la crescita e lo sviluppo aziendale vadano di pari passo con l'attenzione e la cura per le persone, per l'ambiente e per il territorio, questo ci permette giorno dopo giorno di crescere, maturare e soprattutto ci rende consapevoli di stare creando molto più che semplici particolari meccanici. Nel nostro mondo l'industria, l'arte, la bellezza e la cultura del 'saper fare' si fondono per creare qualcosa di veramente speciale, anzi di "straordinario".

Vorremmo ringraziare tutti i collaboratori per la disponibilità, la passione e il senso di responsabilità che dimostrano ogni giorno, sono loro i veri pilastri della continua evoluzione e della crescita della nostra azienda. Continuiamo a guardare con entusiasmo al futuro e alle prossime sfide che ci attendono e continuiamo a ricercare in ognuna di esse l'equilibrio dinamico che ci permette di creare valore diffuso per la nostra azienda, per le persone e per il territorio.

Vi auguro una buona lettura.

*L'amministratore delegato*

**Gaia Paradisi**





# HIGHLIGHTS



## ***piramide***

penna fermacarte

*progetto di* Margherita Liuti

*materiale*

Alluminio lega 6082, Alluminio lega 2011

*dimensioni* ø40 - ø17

*lavorazioni*

Tornitura, Lucidatura, Trattamento di anodizzazione nera del tappo



Highlights Paradisi

€11.208.649

fatturato

0,65

indice di indebitamento

€1.871.995

investimenti

17%

incidenza EBITDA su fatturato





€9.926.328

patrimonio  
netto

HIGHLIGHTS

+2%

crescita valore  
produzione

€1.545.071

posizione  
finanziaria  
netta

## Highlights Beneficio Comune

100%

utilizzo energie rinnovabili

35 ore di formazione per collaboratore

87%

acquisto materia prima da fornitori locali

3%

tasso di defezione  
della clientela

104,1

punteggio  
Bcorp

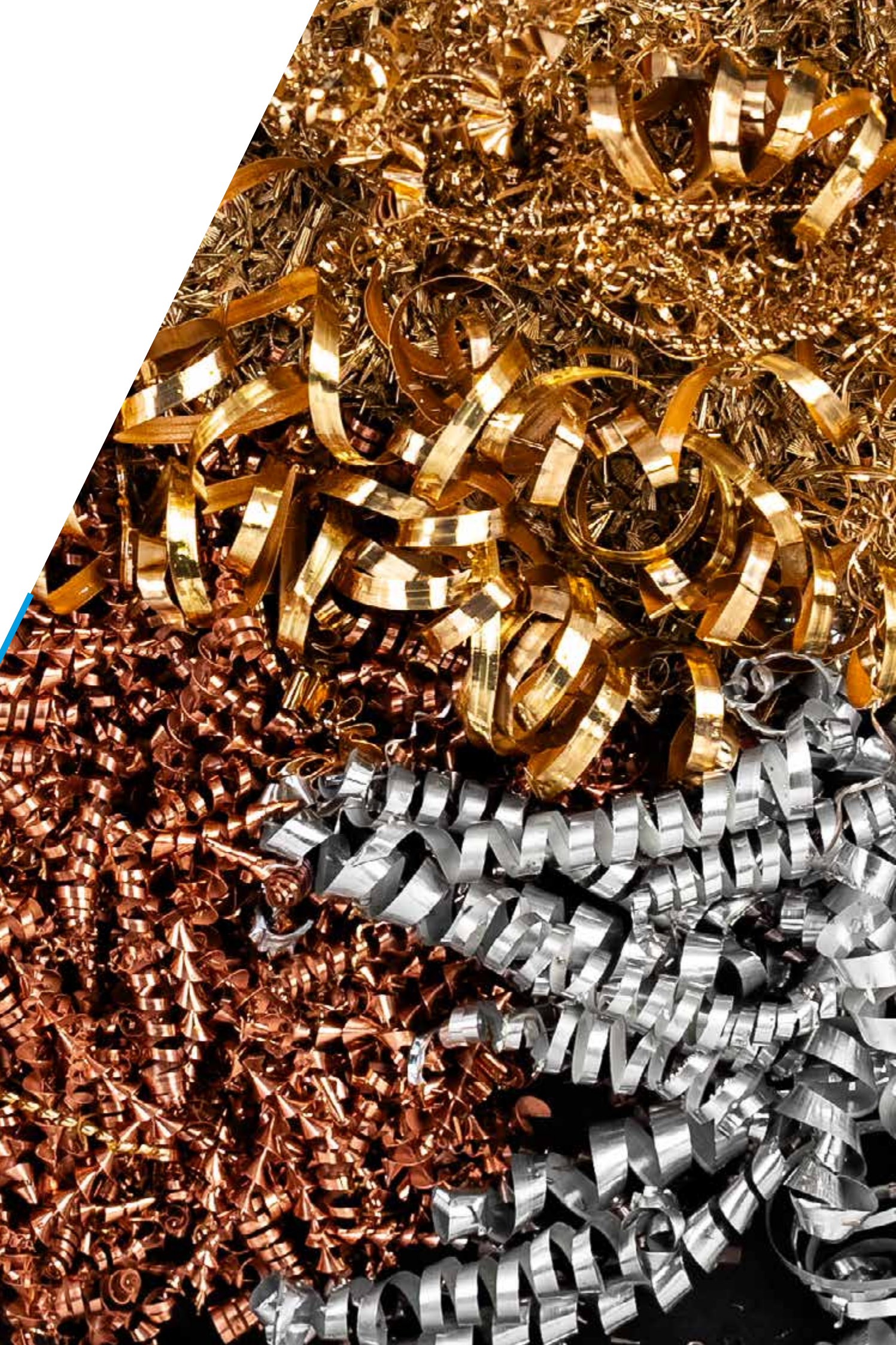
€102.058

gratificazione  
e Benessere  
dei collaboratori

# L'EREDITÀ DI SANDRO PARADISI

3







Ricordo con precisione quel mercatino improvvisato in un porticciolo sconosciuto: tutto era sole, mare, luce, odore acre di salsedine e di sudore, sciabordio di onde e grida di gabbiani.

Bimbo in cerca di giochi, mi aggiravo curioso tra le cassette vuote utilizzate dai pescatori come bancarelle minime. Nulla sapevo di nulla, solo avvertivo sulla pelle, quasi fosse parte dell'aria stessa, la dignità di quegli uomini che vendevano conchiglie come fossero gioielli.

Ma lo erano veramente! E non solo ai miei occhi infantili perché ogni conchiglia era un mistero di precisione e di funzionalità. La natura compie opere che spesso l'uomo tenta di imitare nella loro perfezione.

Una, in particolare, attirava la mia attenzione: era lunga e affusolata, sottilissime scanalature misuravano circonferenze sempre più piccole fino alla punta, quasi più immaginata che vista.

Gira e rigira, la conchiglia si era formata sempre più sottile come fosse uscita da un tornio.

Il mio sguardo seguiva la tornitura come una strada da percorrere e rimasi a lungo affascinato, immobile davanti a quella creatura arrivata per me, da chissà dove.

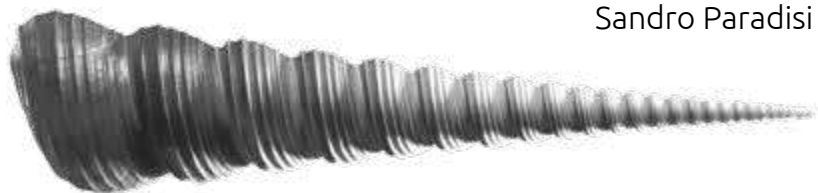
Il pescatore, incuriosito dalla mia attenzione, intuendo negli occhi di me bambino la scoperta di Paradisi, improvvisamente ritrovati e riconosciuti, volle regalarmela.

La sentii subito "mia", come raccogliesse in se stessa il significato di una vita intera: la fatica di crescere, la precisione del tempo che passa, lo slancio verso l'ideale, la puntualità della conoscenza, della competenza, il valore della laboriosità.

In effetti quella conchiglia è diventata il simbolo del mio lavoro di adulto: utilizzare materiali naturali con abilità, per trarne oggetti quotidiani di tramite tra il reale e l'immaginato; interpretare la tradizione in modo nuovo e versatile; ricercare particolari precisi ed ambiziosi con stile elegante e cura minuziosa.

In quel momento, ormai lontano, mi ero accorto che la spensieratezza stava lasciando il posto alla determinazione dell'uomo che vuole realizzare un sogno.

Sandro Paradisi



# L'eredità di Sandro Paradisi

Equilibrio dinamico Alla ricerca dell'equilibrio L'equilibrio è l'arte del movimento. La solidarietà è una bella impresa L'ingegno è vedere possibilità dove gli altri non ne vedono Sognare Immaginare Sviluppare Ideare Osare Emozionare Esplorare Curiosare Rispettare Analizzare Riflettere Migliorare Generare equilibrio Sviluppare relazioni Responsabilizzare Fare il bene Partecipare Collaborare Sorridere Progettare Organizzare Applicare Osservare Ordinare Semplificare Scoprire Conoscere Creare Confrontare Tenerezza Vicinanza Umanità Economia Solidarietà Vivere le cose Attivare Migliorare Orientare Osare Promuovere Riflettere Immaginare Attenzione Rispetto Fiducia Responsabilità Affidabilità Professionalità Trasparenza Creatività Crescita Risultati Equità Miglioramento continuo Puntualità Precisione Soddisfazione cliente. Quante volte ho pensato, in certi momenti della mia vita, se ci fosse stato mio padre a vedermi. Quanto, di quello che facciamo, lo facciamo veramente per noi stessi? E quanto per gli altri? Quanto per i nostri genitori? E quando un papà ti lascia solo troppo presto? Quanto a lungo continui a correre, a correre forte e veloce, per il desiderio di appagare lui, che non c'è più? Per il solo fatto che lui non è lì e non può più dirti "bravo": non puoi dirti che per lui e dunque lo può essere forse anche per te? E per questo che continuiamo a correre? Se si orienta tutta l'impresa a massimizzare il profitto e l'utile per l'azionista, a rimetterci saranno inevitabilmente i fornitori e i dipendenti, prima o poi. E un giorno immancabilmente anche i clienti e i consumatori. E quando un'azienda perde in clienti e consumatori, cessa di esistere. Il vero obiettivo di un'impresa dovrebbe essere quello dell'equilibrio. Oggi si parla tanto di sostenibilità delle imprese. Equilibrio mi sembra un concetto più quotidiano, più semplice, più comprensibile per tutti. Se il ruolo dell'azienda all'interno della società è l'equilibrio, l'azienda potrà continuare a vivere a lungo e insieme a essa prospereranno i suoi fornitori, i suoi dipendenti, i suoi clienti e le comunità che vivono intorno ai suoi luoghi di produzione. Se un'azienda, al contrario, perseguirà il vantaggio e non l'equilibrio, accaparrerà risorse, sfrutterà, ridurrà il valore delle cose che compra per aumentare i profitti. E tutto questo produrrà scompensi. E a lungo andare lo squilibrio creato dal rapace si ritorcerà contro di lui: I migliori fornitori lavoreranno per altri; i migliori talenti cercheranno aziende migliori per cui lavorare; le comunità locali non saranno partner del suo sviluppo. Equilibrio è la parola magica, non vantaggio. Chiunque abbia conosciuto e frequentato gli imprenditori veri - quelli che, quando li incontri, ti parlano cinque minuti della partita di calcio del giorno prima, e poi tre ore di fila del loro prodotto, della loro azienda, dei loro programmi, delle innovazioni che hanno in testa, del nuovo prodotto che stanno studiando - , chiunque abbia incontrato almeno una volta un imprenditore del genere sa che il suo discorso non parte e non finisce col profitto. Il vero imprenditore è mosso da una passione, da un sogno. E questo sogno è il suo prodotto. Per questo i grandi imprenditori sono appassionati di due cose, di solito : la produzione e il marketing. Le aziende "producono" ben altro, oltre i profitti. Solo in una visione riduttiva delle aziende si può pensare che milioni di persone tutti i giorni si muovano, lavorino, si appassionino unicamente per quel numero in basso a destra scritto nei bilanci. Imprese: soggetti sociali con responsabilità economica. Il punto fondamentale quindi non è quanto profitto si genera, ma come lo si utilizza, come lo si distribuisce e quanto se ne reinveste in azienda. Ma l'estetica ha un valore molto più alto del solo insegnamento del senso del bello. L'estetica è etica. Il bello è buono. Se un'azienda cura il bello dentro di se e attorno a se, è molto probabile che sia un'azienda responsabile. Un'azienda in equilibrio con il mondo e le comunità e non alla ricerca solamente del proprio vantaggio. Le fabbriche sono delle immense sale parto, con decine di ostetriche amorevoli. Alle nostre famiglie, il dono a cui teniamo di più e a cui, paradossalmente, dedichiamo meno tempo. A volte le persone incontrate, le esperienze e gli avvenimenti vissuti sembrerebbero avvalorare l'idea che la cattiva moneta possa scacciare la buona. Non illudetevi, sincerità, moralità, etica, fede e impegno prevalgono sempre e sono gli unici maestri della vita di un servant leader. Colui che sa porsi al servizio degli altri, con umiltà, onestà e tanta passione. L'attività d'impresa è uno dei principali fattori da cui dipendono non solo la produzione di ricchezza e benessere, ma anche gli equilibri sociali e ambientali. Questa grande responsabilità che le imprese hanno non può essere più ignorata, anzi, deve diventare centrale della corporate image aziendale non deve essere un mero strumento di comunicazione ma lo specchio di una rinnovata mentalità e sensibilità che funga da vero e proprio vettore di crescita. Per generare un circolo virtuoso fra il successo del business e il benessere della comunità in cui opera è necessario essere convinti che l'impresa non sta nel territorio, l'impresa è del territorio; e se questo territorio è il mondo la sua responsabilità è mondiale. La vision rappresenta la curva dell'orizzonte che cattura lo sguardo dell'imprenditore. La sua forma esatta e la sua colorazione dipendono dai valori aziendali condivisi. Non può esistere una visione precisa e chiara, se l'organizzazione non si riconosce in principi univoci che caratterizzano l'operato aziendale. La visione aziendale definisce la linea di confine che l'impresa vuole raggiungere, orienta le azioni e guida le attività che l'azienda intraprende quotidianamente. La risposta è nella storia dell'azienda. Sin da subito abbiamo coniugato innovazione e tradizione, facendo del nostro meglio.







## Borsa di Studio Sandro Paradisi

La borsa di studio è stata istituita in memoria di Sandro Paradisi e ogni anno viene assegnata l'8 settembre, nel giorno del suo compleanno, a un giovane diplomato meritevole proveniente dall'Istituto di Istruzione Superiore "Marconi Pieralisi" di Jesi.

Questa iniziativa è un modo per sostenere la crescita formativa e professionale di studenti di valore del territorio, contribuendo in modo concreto al loro percorso universitario. Il giovane beneficiario della borsa di studio è selezionato da una commissione di docenti ed esperti dell'azienda sulla base dei curricula scolastici presentati dagli interessati. La nostra azienda, da molti anni, ha consolidato un rapporto di collaborazione con l'Istituto 'Marconi Pieralisi', fucina di giovani preparati e competenti, che ha formato negli anni molti dei nostri attuali collaboratori. Sandro ha sempre pensato che la nostra torneria di precisione dovesse essere attrattiva per giovani motivati e interessati a questo lavoro. In questa prospettiva ci ha lasciato la grande responsabilità di alimentare il rapporto con la scuola e con le nuove generazioni. Questa borsa di studio è un gesto concreto, come era nel suo stile, per far sì che la sua memoria diventi progetto per il futuro. Da un punto di vista aziendale questo progetto è perfettamente in linea con il nostro impegno come Benefit Corporation, nella convinzione profonda che il fine di un'impresa non può più essere solo la massimizzazione del profitto, ma deve saper generare valore anche per contribuire alla crescita del territorio e della sua comunità di riferimento. Nel **2022** la borsa di studio è stata consegnata, in occasione della presentazione dell'ultimo Integrated Reporting, a **Nicola Marini**: "Per essersi diplomato con il massimo dei voti con lode nell'a.s. 2021/2022, per aver concluso un avvincente percorso scolastico, dimostrando straordinarie qualità dal punto di vista delle conoscenze, delle competenze e delle abilità acquisite, nonché per l'importante collaborazione a favore di compagni di classe, alunne e alunni di classi inferiori e di tutto il personale scolastico in un periodo di grandi e inedite sfide segnate dalle fasi acute durante la pandemia e dal dramma della guerra presente ai confini dell'Europa."

Nell'occasione del sessantacinquesimo dalla fondazione è stata attribuita una speciale borsa di studio intitolata alla memoria di "**Antonio Paradisi**" ad **Alessandro Cappelli**. Due giovani meritevoli, diplomati a pieni voti *cum laude* all'IIS "Marconi Pieralisi" di Jesi, che hanno deciso di continuare il loro percorso di formazione tecnica all'università.



## Associazione Sandro Paradisi

L' "Associazione Culturale e Sociale tra i lavoratori dipendenti della Paradisi Srl - Associazione Sandro Paradisi" è stata fondata nel 2020, in memoria del nostro Presidente prematuramente scomparso.

L'ente ha finalità esclusivamente sociali, ricreative e culturali, ed è escluso ogni scopo di lucro.

Con la costituzione di questa associazione, la famiglia Paradisi ha donato l'1% delle quote ai dipendenti, per sottolineare il forte legame e l'affezione che si sono consolidati negli anni.

Il rispetto, la gratificazione e la formazione dei collaboratori sono, da sempre, valori centrali per la Paradisi, azienda che mai si è limitata a una sterile ricerca dell'utile.

Il personale, motivato e aiutato a migliorare sé stesso attraverso la crescita individuale, diventa protagonista della vita aziendale e partecipa ai suoi progressi.

Per questo lo statuto prevede l'organizzazione di eventi di interesse economico-sociale, al fine di accrescere la cultura aziendale, così come di erogare borse di studio per sostenere la formazione di figli e nipoti degli associati.

L'Associazione vuole, altresì, favorire la socializzazione e la coesione tra gli associati e tra le loro famiglie durante il tempo libero, organizzando gite e manifestazioni culturali. Anche l'ambiente e il territorio sono al centro delle attività previste, valorizzando il dialogo con le comunità locali, anche attraverso donazioni alle Onlus della zona e l'organizzazione di eventi che coinvolgono diversi imprenditori partners.





In occasione del Natale l'Associazione ha donato dei buoni libro per tutti i collaboratori, per promuovere la lettura come stimolo alla crescita personale.

Continua inoltre per il secondo anno l'iniziativa de **"I venerdì in Paradisi"**, una preziosa occasione per condividere tempo all'interno dell'azienda al di fuori del lavoro, coltivare l'amicizia e crescere insieme. L'idea vede i collaboratori protagonisti di una serie di incontri di formazione "alternativa". Un modo per dare ancor più valore a quelle relazioni tra persone, che altrimenti sarebbero circoscritte solo all'ambito professionale tramite appuntamenti mensili dedicati a temi diversi come la cultura, l'arte, la fotografia e molto altro. Il tema del primo incontro, tenuto il 17 giugno, è stato **"Jesi e i suoi tesori. Storia, arte, musica e aperitivo"**. In collaborazione con il Blog "Posti e Pasti" è stata organizzata una serata, ricca di suggestioni sensoriali diverse, alla scoperta delle bellezze della "città regia". A rendere ancor più piacevolmente "interattiva" l'esperienza, il magistrale accompagnamento della tromba del musicista jazz Davide Uncini. Altra preziosa occasione di scoperta delle eccellenze locali è stata la serata **"Sommelier per una sera"**, tenuta il 1° luglio all'interno dell'azienda. Sotto la conduzione esperta di Luca Giaccaglia, Delegato Associazione Italiana Sommelier di Jesi e Castelli, i nostri collaboratori hanno potuto partecipare a un mini corso intensivo sui vini marchigiani. Il 16 dicembre, in occasione dell'ultimo appuntamento dell'anno, si è tenuta infine una **serata di allenamento emozionale** a cura di Roberto Romagnoli Gestalt Counselor a orientamento corporeo-funzionale, Operatore di tecniche di Respirazione e Rilassamento e Mediatore Funzionale della Comunicazione Efficace. L'incontro aveva come obiettivo quello di fornire strumenti utili ai partecipanti per migliorare la qualità della propria vita ogni giorno, imparando a vivere in "equilibrio dinamico".



# 5 IDENTITÀ AZIENDALE

## **intreccio**

ciondolo con inserti girevoli

*progetto di Miriam Affan*

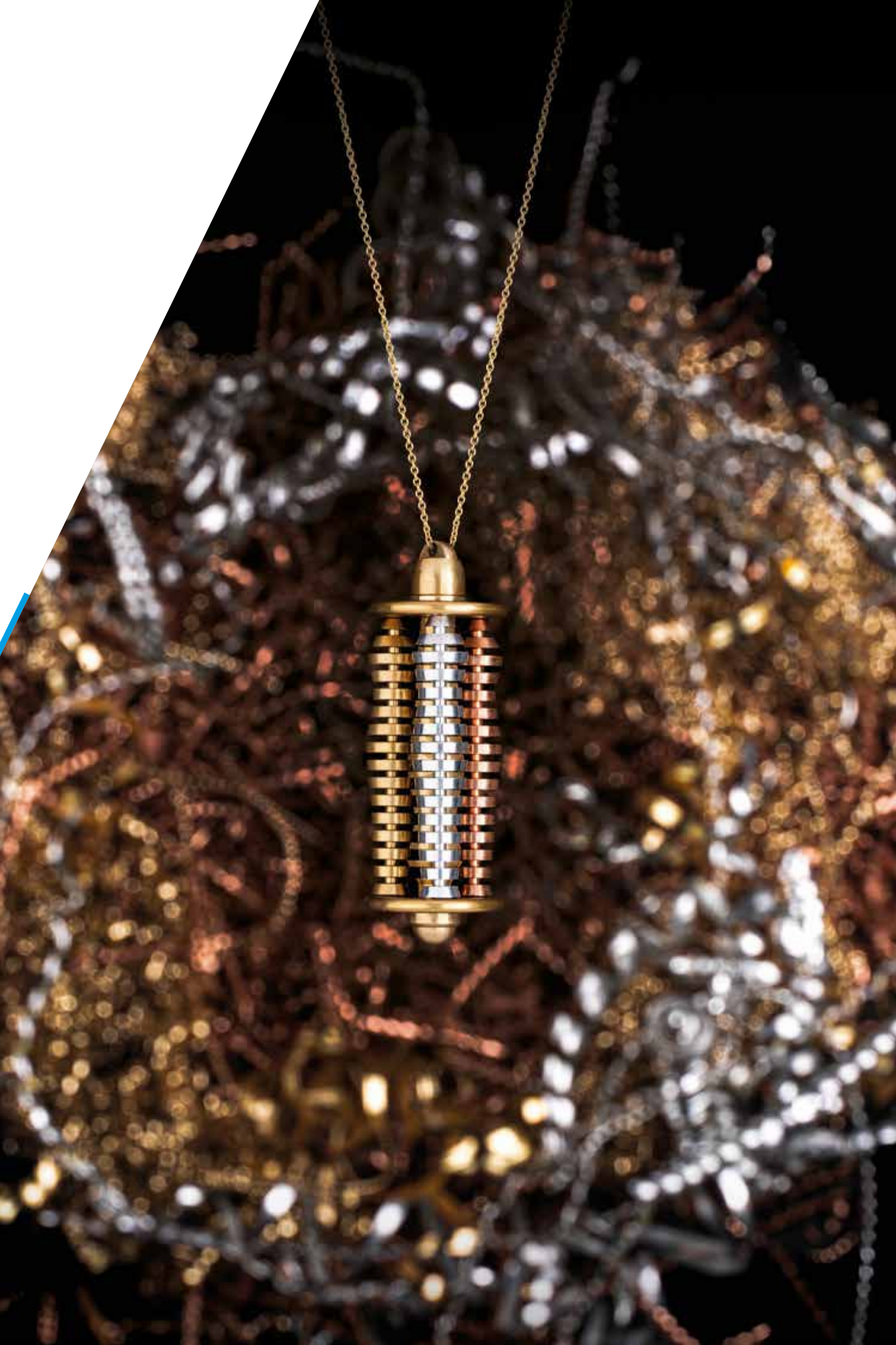
*materiale*

Ottone CW614N, Alluminio lega 2011, Rame

*dimensioni* ø20 - ø8

*lavorazioni*

Tornitura, Burattatura, Lucidatura



## 5.1

GRI 2-1

## La trasformazione continua

La storia della Paradisi inizia nel 1957 quando, in pieno “boom economico”, Antonio Paradisi ed il socio Alberto Longhi iniziano a produrre componentistica tornita per macchine agricole sotto la ditta “Fabbrica Jesina Bulloneria”. Nel 1985, i figli di Antonio, Sandro e Tiziana, costituiscono l’attuale Paradisi Srl. L’azienda si specializza nella produzione di minuteria e componentistica metallica tornita come maniglie, manopole e attacchi rapidi.

Nel 1989 la morte improvvisa del fondatore Antonio costringe Sandro e Tiziana a proseguire il loro cammino autonomamente. I giovani soci riescono a creare vantaggio competitivo all’azienda coniugando la tradizione artigiana con l’innovazione tecnologica. L’azienda, fin dalle origini, ha avuto sede a Jesi, che, almeno fino al 2005, rappresentava territorio fertile per gli imprenditori che collaboravano con le grandi imprese degli elettrodomestici del fabrianese. La crisi economico-finanziaria del 2009, dopo anni di costante aumento del business nel settore, ha generato un brusco calo del fatturato (circa del 35%). Sandro Paradisi interpretando la crisi come opportunità, certo della competenza e del valore dei propri collaboratori, ristrutturava l’azienda e si organizza per produrre componenti destinati all’automotive e all’industria navale. La solidità aziendale, la buona patrimonializzazione, le riserve di disponibilità liquide accantonate negli anni, hanno permesso all’azienda di investire in ambiti strategici e di portare a compimento il cambiamento di business. I torni manuali sono stati sostituiti da macchine a controllo numerico di ultima generazione che consentono di raggiungere tolleranze di precisione nelle lavorazioni e finiture dei prodotti. L’azienda è attualmente dotata di 89 torni per pezzi del diametro da 2mm e 65mm. Questi macchinari richiedono nuove competenze ed una nuova cultura aziendale. Con un intenso programma di formazione continua l’azienda è riuscita a dotarsi di tecnici e mano d’opera altamente qualificata. La Paradisi, consapevole che la qualità dei propri prodotti e le performance aziendali sono il frutto di una complessa rete di rapporti sia interni (dipendenti e collaboratori) che esterni (clienti, fornitori, professionisti, partner ecc.) instaurati con l’ambiente ed il terri-



1957

Nasce la F.J.B. snc "Fabbrica Jesina Bulloneria di Longhi Alberto e Paradisi Antonio" che produce componentistica tornita per macchine agricole

1971

La F.J.B. si fonde con la IMA di Mancini Sauro ed insieme danno vita alla M.G. Meccanica Generale S.p.A.

1982

Dalla M.G. nascono due nuove aziende artigiane

1985

Viene costituita la Paradisi srl, con soci Sandro e Tiziana, figli di Antonio, frutto della fusione delle due ditte artigiane

1989

Muore Antonio, il fondatore dell'azienda

1991

L'azienda si trasferisce nell'attuale sede in Via G. Di Vittorio, a Jesi con circa 1.500 mq ed inizia a produrre per l'elettrodomestico

1997

Certificazione ISO 9001 per il processo di gestione della qualità

L'area produttiva si amplia a 3.500mq

2000

Certificazione ISO 14001 per il processo di gestione ambientale

2002

Certificazione OHSAS 18001 per il processo di gestione della salute e sicurezza dei lavoratori

L'area produttiva si amplia a 5.000 mq

torio, ha deciso di rendere conto del proprio operato, non solo dal punto di vista economico finanziario, ma anche sotto l'aspetto sociale-ambientale con la redazione della prima edizione del "report integrato". In questo percorso di trasparenza, a settembre 2016, si è trasformata in società Benefit e ha ottenuto, nel dicembre 2016, la certificazione "B Corporation". La Paradisi è stata certificata dal B Lab, ente americano senza scopo di lucro, per aver soddisfatto i rigorosi standard previsti per prestazioni sociali e ambientali, responsabilità e trasparenza. L'azienda è stata valutata per l'impatto che ha nei confronti dei dipendenti, della comunità, dell'ambiente e dei propri clienti. Sandro ha sempre investito con lungimiranza nell'innovazione tecnologica, cercando di anticipare le sempre più sfidanti richieste del mercato. Nel 2018 dota l'azienda del primo tornio plurimandrino a controllo numerico. Si tratta di un'innovativa tecnologia che lavora con 8 mandrini con passaggio barra 26mm. Nello stesso anno inizia il processo di digitalizzazione aziendale. Attraverso l'introduzione di un software MES ogni fase del processo produttivo viene attentamente monitorata al fine di conoscerne lo stato di avanzamento e le risorse impiegate. All'innovazione tecnologica è stato affiancato un avanzato sistema di controllo di gestione. Ad inizio 2020, la morte prematura di Sandro Paradisi ha costretto ad un delicato passaggio generazionale. Gaia, la figlia maggiore, ha dimostrato di possedere la formazione e le competenze necessarie nel settore della metalmeccanica e di essere la persona adeguata a dare il proprio contributo nel governo dell'impresa; oggi riveste il ruolo di Amministratore Delegato nel Consiglio di Amministrazione della società, di cui fanno parte Tonino Dominici, Consigliere e Tiziana Paradisi, Presidente. Nel febbraio 2020, i soci hanno deciso di concretizzare il progetto immaginato da Sandro: donare l'1% delle quote della società ai propri collaboratori costituendo l'"Associazione Sandro Paradisi". Con la perdita dell'imprenditore Sandro, il consiglio di amministrazione ha ritenuto necessario dotare l'azienda di un piano strategico. Nei primi mesi del 2021 è stato redatto il primo piano strategico della Paradisi, un piano triennale (2021-2023) che indica i futuri obiettivi, le azioni e gli investimenti aziendali. Nel gennaio 2022 la nostra azienda ha ricevuto comunicazione ufficiale dal Garante della Concorrenza e del Mercato dell'incremento del punteggio relativo al Rating di legalità attribuito a PARADISI S.R.L. portandolo a: ★★. Un riconoscimento che ci rende particolarmente orgogliosi e ci dà conferma della bontà delle nostre scelte quotidiane e della nostra filosofia di lavoro.



**2009**

La crisi internazionale provoca un calo di fatturato del 35%; Paradisi rilancia con importanti investimenti per diversificare la produzione

**2010**

Certificazione ISO TS 16949 del processo produttivo secondo lo schema automotive

**2011**

Registrazione del sito secondo la direttiva EMAS

Recupero della perdita del fatturato avvenuta nel 2009

**2014**

Si completa l'aggiornamento del parco tecnologico con la sostituzione di oltre 30 macchine in soli 4 anni.

Progetti di miglioramento secondo i principi del "lean thinking"

**2016**

Elaborazione del primo report integrato relativo all'esercizio 2015

Modifica oggetto sociale per qualificarsi come società Benefit

Ottenimento certificazione B Corp

**2018**

L'area produttiva si amplia a 6.000mq

Certificazione IATF 16949 per il processo di gestione della qualità del settore automobilistico

Introduzione nel parco tecnologico del primo tornio plurimandrino a controllo numerico: MSW8x26

Avvio del processo di digitalizzazione e monitoraggio della produzione da remoto

**2020**

Muore Sandro, socio e Presidente del Consiglio di Amministrazione. Viene costituita la nuova governance dell'azienda.

Nasce l'Associazione "Sandro Paradisi"

Certificazione ISO 45001 per il processo di gestione della salute e sicurezza dei lavoratori

**2021**

Viene redatto il primo piano strategico aziendale 2021-2023

**2022**

Paradisi conquista la seconda stelletta nel rating di legalità dall'Autorità Garante della Concorrenza e del Mercato

## 5.2

Alla base  
c'è l'altezza

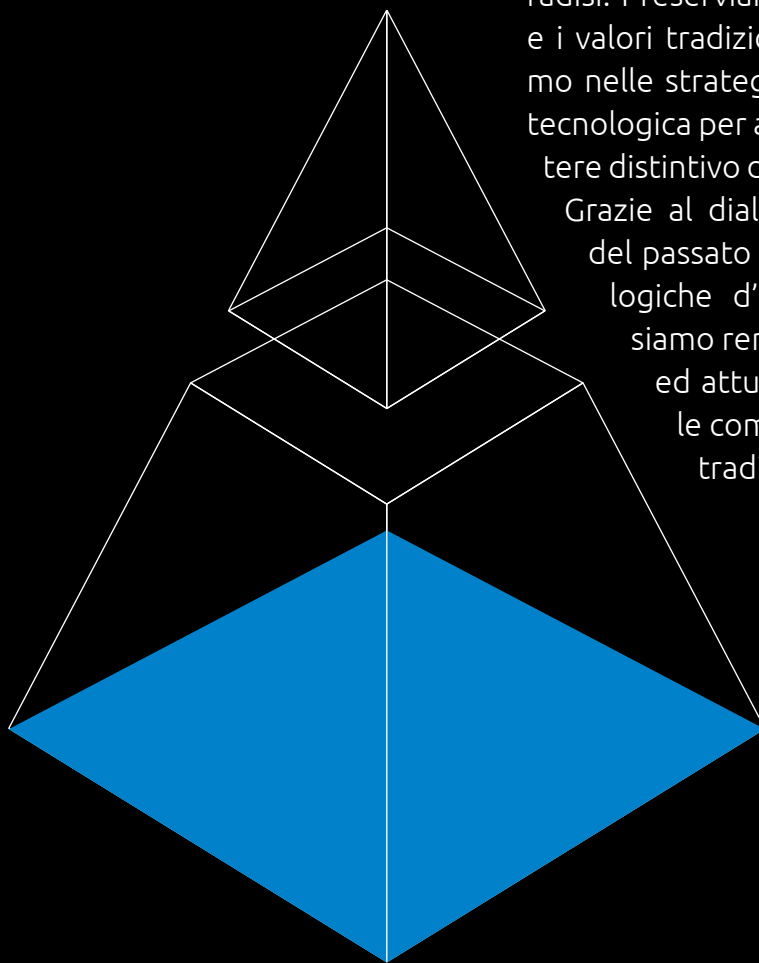
Un valore è, per definizione, un principio condiviso da tutti i soggetti appartenenti ad un'organizzazione. I valori costituiscono un patrimonio etico, culturale e professionale di un'azienda, ne caratterizzano l'identità e costituiscono le linee guida fondamentali dell'agire dell'impresa. È essenziale che i valori siano, il più possibile, percepiti, condivisi e accettati sia dal management che dai collaboratori, nelle pratiche individuali, aziendali e di team, così da permeare capillarmente ogni livello della struttura. In questo modo si rafforza il livello di integrazione degli individui che fanno parte dell'azienda e si consolida un rapporto di fiducia con i soggetti che ruotano intorno ad essa. L'individuazione e la misurazione di un valore consentono di determinare il livello di coerenza di quest'ultimo con l'ambiente di riferimento interno ed esterno. Come in qualsiasi comunità sociale i valori pervadono gli individui che ne fanno parte e tra essi vengono trasmessi e condivisi e perpetuati. La stessa cosa deve accadere in un'azienda, costituendo i principi delle vere e proprie fondamenta per la conservazione dell'ente, la forza che mantiene unita la pluralità degli individui e una guida solida per le relazioni e le responsabilità assunte nei confronti di tutti gli stakeholders.

# innovazione e tradizione

**Non vi può essere  
innovazione senza  
mantenere la cultura  
ed il rispetto della  
tradizione**

L'evoluzione delle tecnologie e dell'organizzazione diventano un passaggio inderogabile per anticipare le sfide del mercato, ma non possono prescindere dal sistema valoriale, dalle radici culturali, dal contesto territoriale e umano in cui è nata e cresciuta l'azienda Paradisi. Preserviamo le conoscenze e i valori tradizionali e li innestiamo nelle strategie di innovazione tecnologica per accrescere il carattere distintivo dei nostri prodotti.

Grazie al dialogo tra elementi del passato e soluzioni tecnologiche d'avanguardia possiamo rendere competitive ed attuali le conoscenze, le competenze e i valori tradizionali.



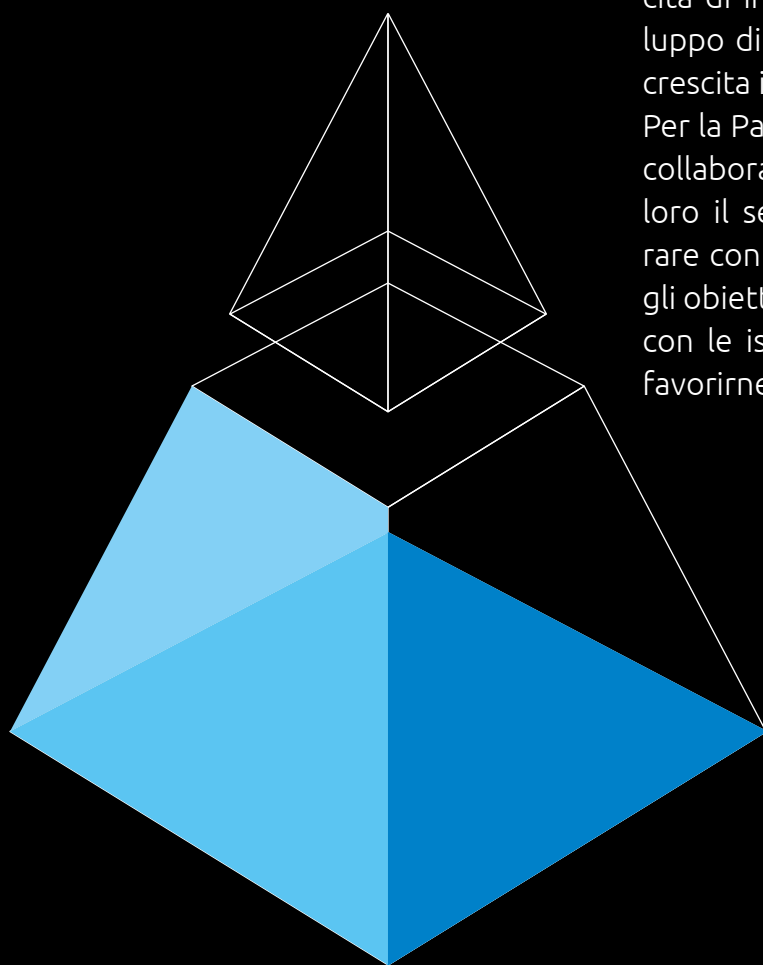
# lavoro di squadra

**Non c'è crescita  
se non c'è  
collaborazione**

Il gruppo ottiene risultati migliori della somma dei risultati dei singoli. Far parte di una squadra significa comunicare in maniera diretta, sinceramente e liberamente, senza competizioni, significa avere l'umiltà di imparare gli uni dagli altri e avere piena fiducia negli altri.

La collaborazione aumenta la capacità di innovazione e facilita lo sviluppo di nuove idee, stimolando la crescita individuale e collettiva.

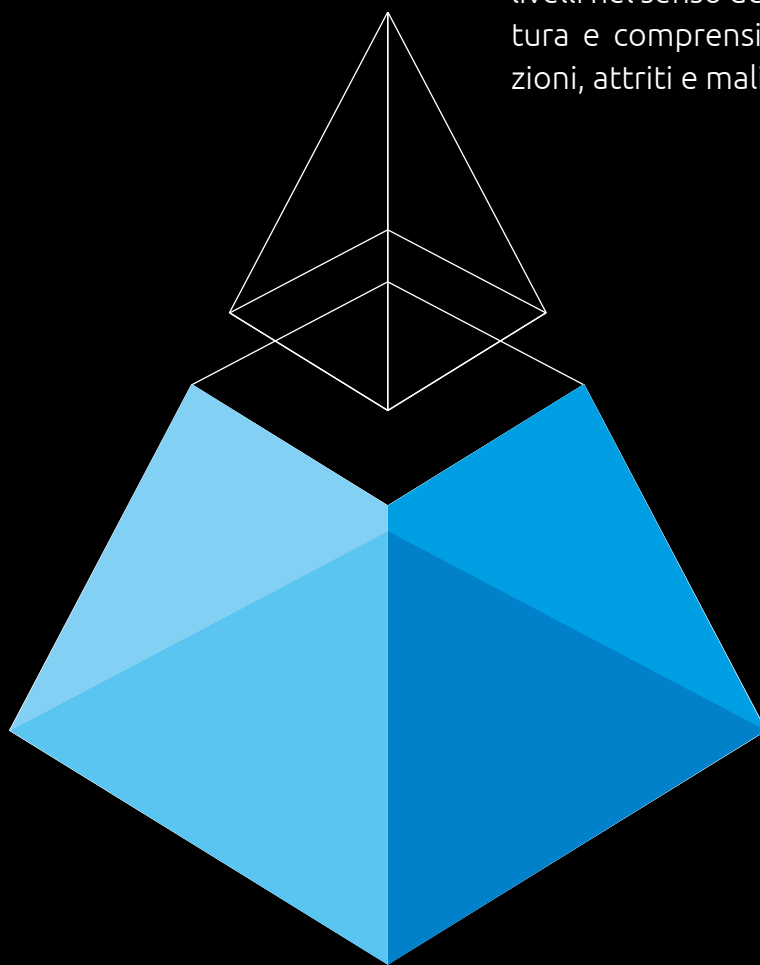
Per la Paradisi fare squadra è anche collaborare con i clienti per offrire loro il servizio migliore, è collaborare con i fornitori per raggiungere gli obiettivi comuni ed è collaborare con le istituzioni del territorio per favorirne la crescita e lo sviluppo.



# umiltà e rispetto

**Sono i valori che guidano  
le relazioni interne ed  
esterne all'azienda**

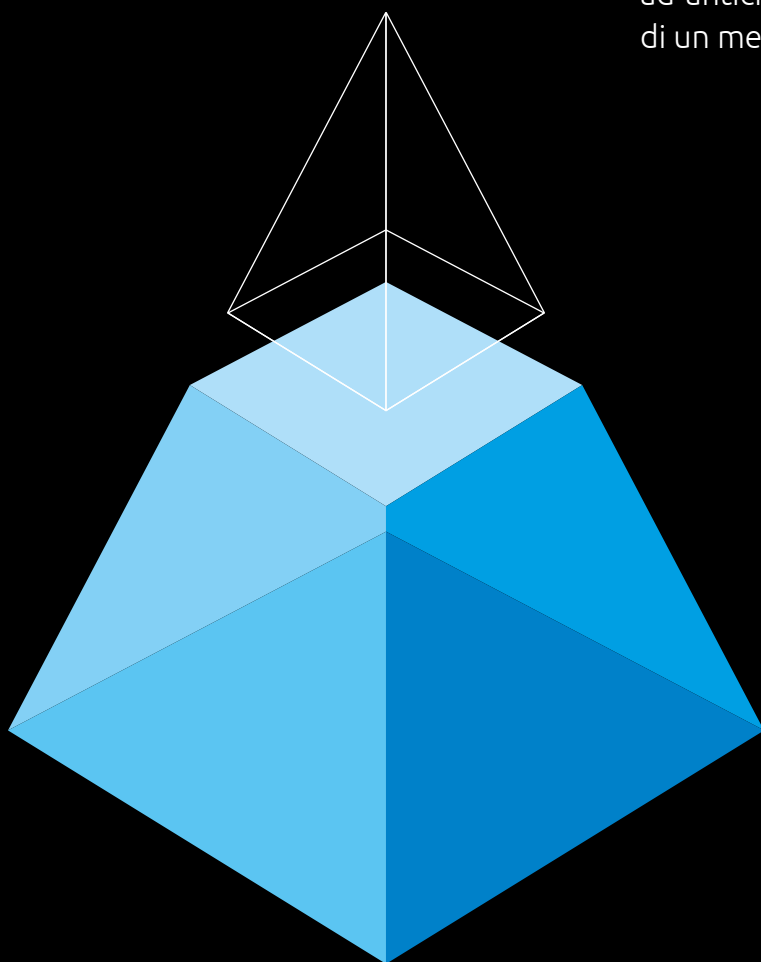
Sono strettamente interconnessi tra loro e si reggono a vicenda. Al centro vi è sempre la persona umana. L'umiltà è il rivolgersi sempre al prossimo con il medesimo rispetto che vorremmo fosse rivolto a noi stessi. Questo genera una catena virtuosa di 'attenzione' capace di orientare la comunicazione a tutti i livelli nel senso della reciproca apertura e comprensione, evitando frizioni, attriti e malintesi.



# miglioramento continuo

**Ogni obiettivo  
raggiunto deve  
lasciar spazio ad  
una nuova ambizione**

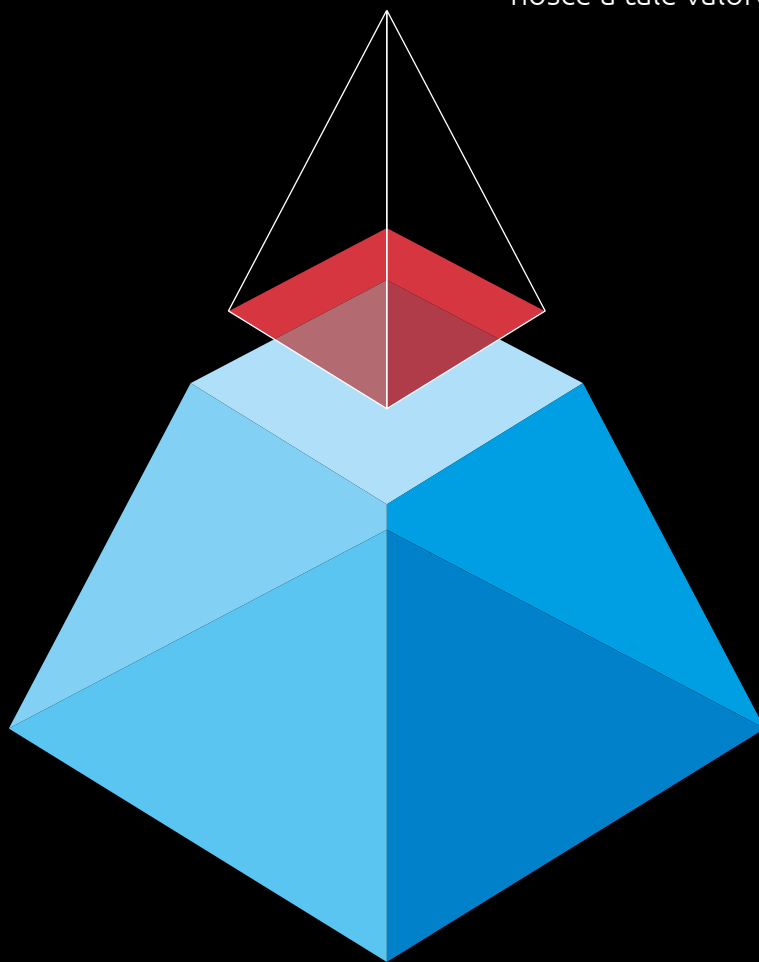
La ricerca dell'equilibrio dinamico passa per il continuo miglioramento delle persone e dell'organizzazione. Il progresso individuale è il vero motore della crescita aziendale, investendo costantemente sulla formazione, sul benessere e la sicurezza dei propri collaboratori e sulle tecnologie più avanzate, Paradisi riesce ad anticipare e soddisfare i bisogni di un mercato sempre più esigente.



# trasparenza

**Rapporto franco,  
limpido e aperto con  
tutti gli stakeholders**

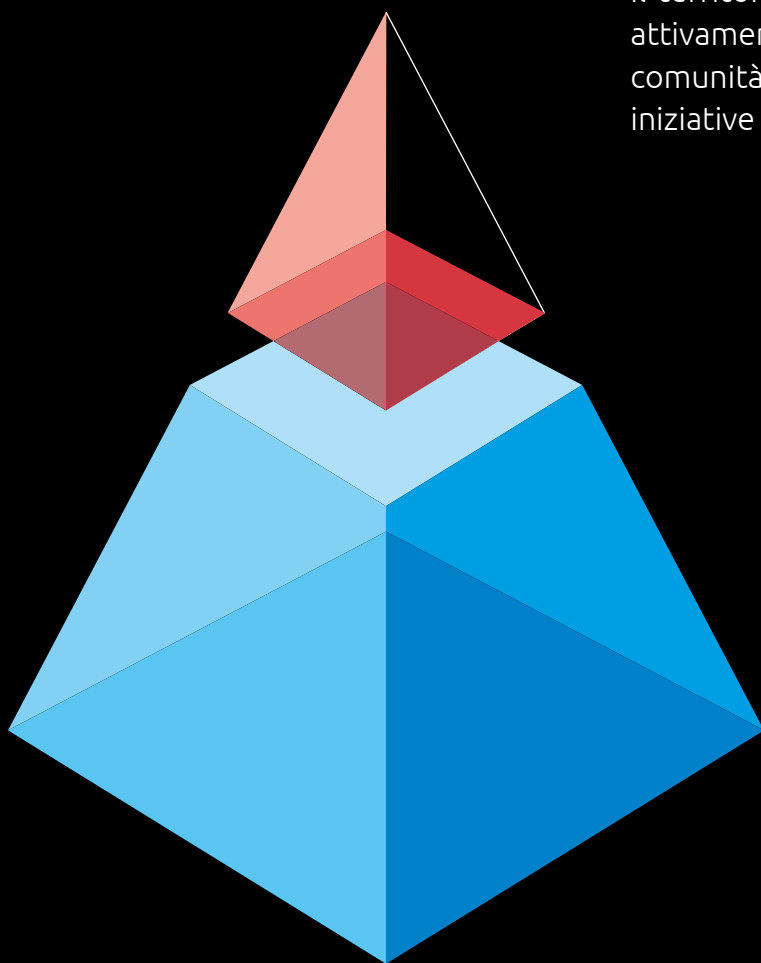
Tutte le azioni che guidano le relazioni interne ed esterne devono essere contraddistinte da lealtà, correttezza e apertura al dialogo nei confronti di tutti gli interlocutori sociali. Le trasparenze che identificano il logo Paradisi sono la metafora, rappresentata in modo grafico, dell'importanza che l'azienda riconosce a tale valore.



# ambiente e territorio

**Vogliamo vivere  
in un ambiente pulito,  
sicuro e tranquillo**

Il territorio è parte essenziale del successo aziendale, crea legami e favorisce partnership. L'azienda riceve molto dal contesto in cui opera e, per gratitudine, si impegna a preservare l'ambiente favorendo e promuovendo una cultura imprenditoriale volta a ridurre i fattori di impatto ambientale. Paradisi è un'azienda che vive il territorio in cui opera e partecipa attivamente nella vita sociale delle comunità abbracciando ogni anno iniziative e progetti sociali.

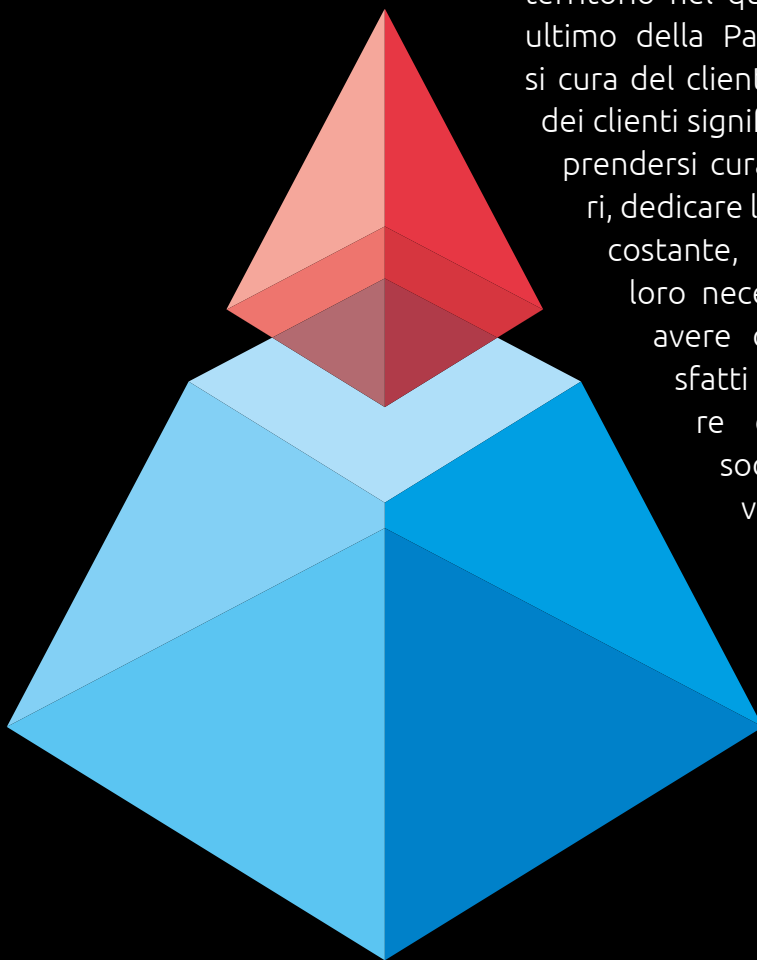




# prendersi cura

**Il cliente è al vertice  
dei valori aziendali**

Comprendere e provvedere ai bisogni e alle necessità dell'altro, assumersi l'impegno e la responsabilità nella custodia di valori, cose, ideali, essere costanti e diligenti nell'impegno preso. La Paradisi si impegna da sempre a prendersi cura dei suoi clienti, dei suoi collaboratori, dei suoi fornitori e del territorio nel quale opera. Il fine ultimo della Paradisi è prendersi cura del cliente. Prendersi cura dei clienti significa prima di tutto prendersi cura dei collaboratori, dedicare loro un'attenzione costante, provvedere alle loro necessità perché per avere dei clienti soddisfatti è necessario avere dei collaboratori soddisfatti e motivati.



## 5.3

## La ricerca di un equilibrio dinamico

La vision aziendale definisce il percorso che l'impresa intende perseguire per raggiungere i propri obiettivi, orienta le azioni e guida le iniziative che l'azienda intraprende quotidianamente.

Rappresenta la "curva dell'orizzonte che cattura lo sguardo dell'imprenditore".

La sua forma esatta e la sua colorazione dipendono dai valori aziendali condivisi. Non può esistere una visione nitida e precisa, se tutti gli attori di un'organizzazione non condividono i principi che caratterizzano l'operato aziendale.

Paradisi si volta e guarda al passato, per proiettarsi in un futuro in cui l'esperienza si evolve nella competenza, l'eredità lascia spazio alla formazione e l'innovazione tecnologica evolve definitivamente in innovazione culturale.

### ***"La ricerca di un equilibrio dinamico"***

è la **vision** della Paradisi.

Ricerca l'equilibrio significa saper coniugare le aspettative degli attori coinvolti, le performance economico-finanziarie che ripagano i soci del loro investimento, devono essere bilanciate con le necessità sociali ed ambientali. Solo l'impresa etica, riuscirà a mantenere il proprio vantaggio competitivo sul mercato, altrimenti sarà destinata, producendo ricchezza senza creazione di valore, a scomparire. L'equilibrio deve possedere, contemporaneamente, due caratteristiche: dinamicità e sguardo al futuro. Ogni obiettivo raggiunto deve lasciar spazio ad una nuova ambizione. Lo sguardo deve essere orientato ad un futuro di lungo periodo perché gli obiettivi aziendali e di conseguenza i risultati, non devono essere effimeri, casuali e mutevoli ma derivare da un processo manageriale strutturato capace di creare un valore stabile nel tempo.



# 5.4


## Utile responsabile

Nella sua mission la Paradisi si propone di perseguire due obiettivi idealmente in contrasto tra loro: il profitto ed il beneficio comune. L'azienda lo fa nella convinzione profonda che il fine di un'impresa non può più essere solo la massimizzazione del profitto, ma deve saper generare valore anche per contribuire alla crescita del territorio e della sua comunità di riferimento.

Quando nasce una nuova impresa è naturale, e giusto, che tra gli obiettivi dei fondatori ci sia il profitto. Tale finalità non è rappresentata solamente dagli utili di cui possano beneficiare i soci, ma comprende soprattutto la ricchezza necessaria a soddisfare i fattori aziendali, così che stabilità e continuità siano garantite nel tempo.

La mera ricerca del profitto non è l'unico fine che la Paradisi rincorre: la crescita dell'azienda passa soprattutto attraverso l'**attenzione al cliente** e alle sue esigenze, l'attenzione verso il **collaboratore** e la sua formazione, l'investimento nell'**innovazione tecnologica**, il rispetto durante la fase produttiva della **sostenibilità aziendale**, il sostegno dell'imprenditoria locale, la diffusione della **cultura d'impresa** da promuovere anche attraverso la collaborazione con altre aziende. L'attenzione della Paradisi si rivolge anche all'ambiente utilizzando energia proveniente da sole fonti rinnovabili e attraverso l'ottenimento di certificazioni in ambito ambientale. Grande attenzione è riservata anche al dialogo con il territorio e le comunità locali, attraverso donazioni alle Onlus locali, il finanziamento di progetti pubblici di interesse territoriale e l'organizzazione di eventi che coinvolgono diversi imprenditori locali. Questa è l'interpretazione di sostenibilità per la Paradisi: essere in equilibrio all'interno della società. Solo in questo modo l'azienda potrà continuare a vivere a lungo e insieme ad essa prospereranno i suoi fornitori, i suoi collaboratori, i suoi clienti e le comunità che vivono attorno ai suoi luoghi di produzione.

*In qualità di società Benefit Paradisi intende perseguire oltre al profitto, finalità di beneficio comune ed operare in modo responsabile, sostenibile e trasparente nei confronti di persone, comunità, territori e ambiente, beni ed attività culturali e sociali, enti e associazioni ed altri portatori d'interesse. (art. 3 - Statuto Paradisi srl - assemblea dei soci del 27 settembre 2016)*

The image features a high-contrast silhouette of two people against a light, almost white background. On the left, a person stands upright, their arm extended to hold the hand of another person who is lying horizontally on the ground. The person on the ground is positioned as if they are being supported or held up. The overall composition is minimalist and evocative, suggesting themes of support, care, and human connection. Two thin, light blue diagonal lines are present: one on the left side, extending from the top towards the text, and another on the right side, extending from the top towards the bottom.

*“Collaborare con persone motivate e soddisfatte per anticipare e soddisfare i bisogni dei clienti utilizzando tecnologie adeguate in un ambiente pulito, sicuro e confortevole. Operare in modo responsabile, sostenibile e trasparente nei confronti di persone, comunità, territorio e ambiente.”*

# BILANCIO D'ESERCIZIO 2022

## ***create yourself***

collana componibile

*progetto di* Angelica Brunori

*materiale*

Ottone CW614N, Acciaio Inox AISI 303

*dimensioni* ø16 - ø6 - ø10

*lavorazioni*

Tornitura, Burattatura



# 6.1

## Stato Patrimoniale





31-12-2022 31-12-2021

**ATTIVO**

B) Immobilizzazioni		
I - Immobilizzazioni immateriali		
1) costi di impianto e di ampliamento	30.847	26.408
3) diritti di brevetto industriale e diritti di utilizzazione delle opere dell'ingegno	27.872	54.299
4) concessioni, licenze, marchi e diritti simili	694.460	737.863
7) altre	20.091	24.714
Totale immobilizzazioni immateriali	773.270	843.284
II - Immobilizzazioni materiali		
2) impianti e macchinario	5.047.020	4.718.031
3) attrezzature industriali e commerciali	10.239	11.120
4) altri beni	33.618	46.208
Totale immobilizzazioni materiali	5.090.877	4.775.359
III - Immobilizzazioni finanziarie		
1) partecipazioni in		
d-bis) altre imprese	263	989
Totale partecipazioni	263	989
2) crediti		
d-bis) verso altri		
esigibili oltre l'esercizio successivo	34.157	34.157
Totale crediti verso altri	34.157	34.157
Totale crediti	34.157	34.157
3) altri titoli	1.002.268	2.268
Totale immobilizzazioni finanziarie	1.036.688	37.414
Totale immobilizzazioni (B)	6.900.835	5.656.057
C) Attivo circolante		
I - Rimanenze		
1) materie prime, sussidiarie e di consumo	124.033	121.681
2) prodotti in corso di lavorazione e semilavorati	60.369	92.574
4) prodotti finiti e merci	537.400	398.854
Totale rimanenze	721.802	613.109
II - Crediti		
1) verso clienti		
esigibili entro l'esercizio successivo	3.695.462	3.779.915
Totale crediti verso clienti	3.695.462	3.779.915
5-bis) crediti tributari		
esigibili entro l'esercizio successivo	753.922	131.946
esigibili oltre l'esercizio successivo	268.062	-
Totale crediti tributari	1.021.984	131.946
5-quater) verso altri		
esigibili entro l'esercizio successivo	39.735	10.731
Totale crediti verso altri	39.735	10.731
Totale crediti	4.757.181	3.922.592
IV - Disponibilità liquide		
1) depositi bancari e postali	3.771.609	4.564.558
3) danaro e valori in cassa	381	636
Totale disponibilità liquide	3.771.990	4.565.194

● **Stato Patrimoniale**

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	31-12-2022	31-12-2021
● Totale attivo circolante (C)	9.250.973	9.100.895
● D) Ratei e risconti	203.842	247.730
<b>TOTALE ATTIVO</b>	<b>16.355.650</b>	<b>15.004.682</b>
<b>PASSIVO</b>		
● A) Patrimonio netto		
I - Capitale	1.000.000	1.000.000
III - Riserve di rivalutazione	1.799.115	1.799.115
IV - Riserva legale	200.000	200.000
VI - Altre riserve, distintamente indicate		
Riserva straordinaria	6.451.126	5.352.669
Varie altre riserve	4.648	4.647
Totale altre riserve	6.455.774	5.357.316
VII - Riserva per operazioni di copertura dei flussi finanziari attesi	35.621	(20.251)
IX - Utile (perdita) dell'esercizio	435.818	1.098.457
Totale patrimonio netto	9.926.328	9.434.637
● B) Fondi per rischi e oneri		
3) strumenti finanziari derivati passivi	(35.621)	20.251
Totale fondi per rischi ed oneri	(35.621)	20.251
● C) Trattamento di fine rapporto di lavoro subordinato	926.295	803.477
● D) Debiti		
4) debiti verso banche		
esigibili entro l'esercizio successivo	994.811	844.117
esigibili oltre l'esercizio successivo	1.232.108	1.227.824
Totale debiti verso banche	2.226.919	2.071.941
7) debiti verso fornitori		
esigibili entro l'esercizio successivo	2.251.119	2.261.084
Totale debiti verso fornitori	2.251.119	2.261.084
12) debiti tributari		
esigibili entro l'esercizio successivo	86.193	109.160
Totale debiti tributari	86.193	109.160
13) debiti verso istituti di previdenza e di sicurezza sociale		
esigibili entro l'esercizio successivo	109.880	114.080
Totale debiti verso istituti di previdenza e di sicurezza sociale	109.880	114.080
14) altri debiti		
esigibili entro l'esercizio successivo	172.069	176.368
Totale altri debiti	172.069	176.368
Totale debiti	4.846.180	4.732.633
● E) Ratei e risconti	692.468	13.684
<b>TOTALE PASSIVO</b>	<b>16.355.650</b>	<b>15.004.682</b>

6.2

Conto  
Economico

31-12-2022 31-12-2021

**Conto economico**

● A) Valore della produzione		
1) ricavi delle vendite e delle prestazioni	11.208.649	11.271.597
2) variazioni delle rimanenze di prodotti in corso di lavorazione, semilavorati e finiti	106.341	107.570
5) altri ricavi e proventi		
contributi in conto esercizio	55.716	42.530
altri	378.848	143.242
Totale altri ricavi e proventi	434.564	185.772
Totale valore della produzione	11.749.554	11.564.939
● B) Costi della produzione		
6) per materie prime, sussidiarie, di consumo e di merci	5.288.033	4.986.836
7) per servizi	1.896.392	1.409.810
8) per godimento di beni di terzi	365.256	372.327
9) per il personale		
a) salari e stipendi	1.370.068	1.357.259
b) oneri sociali	427.582	460.715
c) trattamento di fine rapporto	170.003	121.843
e) altri costi	3.567	-
Totale costi per il personale	1.971.220	1.939.817
10) ammortamenti e svalutazioni		
a) ammortamento delle immobilizzazioni immateriali	90.115	86.998
b) ammortamento delle immobilizzazioni materiali	1.536.376	1.419.934
Totale ammortamenti e svalutazioni	1.626.491	1.506.932
11) variazioni delle rimanenze di materie prime, sussidiarie, di consumo e merci	(2.351)	(17.010)
14) oneri diversi di gestione	97.023	37.119
Totale costi della produzione	11.242.064	10.235.831
● Differenza tra valore e costi della produzione (A - B)		
	507.490	1.329.108
C) Proventi e oneri finanziari		
16) altri proventi finanziari		
b) da titoli iscritti nelle immobilizzazioni che non costituiscono partecipazioni	959	-
d) proventi diversi dai precedenti		
altri	7.027	3.412
Totale proventi diversi dai precedenti	7.027	3.412
Totale altri proventi finanziari	7.986	3.412
17) interessi e altri oneri finanziari		
altri	41.318	33.159
Totale interessi e altri oneri finanziari	41.318	33.159
Totale proventi e oneri finanziari (15 + 16 - 17 + - 17-bis)	(33.332)	(29.747)

Conto Economico

6.3

Rendiconto  
finanziario

	31-12-2022	31-12-2021
Risultato prima delle imposte (A - B + - C + - D)	474.158	1.299.361
20) Imposte sul reddito dell'esercizio, correnti, differite e anticipate		
imposte correnti	38.340	200.904
Totale delle imposte sul reddito dell'esercizio, correnti, differite e anticipate	38.340	200.904
21) Utile (perdita) dell'esercizio	435.818	1.098.457

	31-12-2022	31-12-2021
<b>Rendiconto finanziario, metodo indiretto</b>		
A) Flussi finanziari derivanti dall'attività operativa (metodo indiretto)		
Utile (perdita) dell'esercizio	435.818	1.098.457
Imposte sul reddito	38.340	200.904
Interessi passivi/(attivi)	27.157	21.282
(Plusvalenze)/Minusvalenze derivanti dalla cessione di attività	(440)	(10.205)
1) Utile (perdita) dell'esercizio prima d'imposte sul reddito, interessi, dividendi e plus /minusvalenze da cessione	500.875	1.310.438
Rettifiche per elementi non monetari che non hanno avuto contropartita nel capitale circolante netto		
Ammortamenti delle immobilizzazioni	1.626.491	1.161.616
Altre rettifiche in aumento/(in diminuzione) per elementi non monetari	(849.954)	121.843
Totale rettifiche per elementi non monetari che non hanno avuto contropartita nel capitale circolante netto	776.537	1.628.775
2) Flusso finanziario prima delle variazioni del capitale circolante netto	1.277.412	2.939.213
Variazioni del capitale circolante netto		
Decremento/(Incremento) delle rimanenze	(108.693)	(124.578)
Decremento/(Incremento) dei crediti verso clienti	84.453	56.872
Incremento/(Decremento) dei debiti verso fornitori	(9.965)	477.021
Decremento/(Incremento) dei ratei e risconti attivi	43.888	16.573
Incremento/(Decremento) dei debiti verso fornitori	678.784	(572)
Altri decrementi/(Altri Incrementi) del capitale circolante netto	(933.609)	(140.510)
Totale variazioni del capitale circolante netto	(245.142)	284.806
3) Flusso finanziario dopo le variazioni del capitale circolante netto	1.032.270	3.224.019
Altre rettifiche		
Interessi incassati/(pagati)	(27.157)	(21.282)
(Imposte sul reddito pagate)	(55.239)	(157.888)
(Utilizzo dei fondi)	(55.872)	(17.095)

**Rendiconto finanziario**

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	31-12-2022	31-12-2021
Altri incassi/(pagamenti)	(47.185)	(82.204)
Totale altre rettifiche	(185.453)	(278.469)
Flusso finanziario dell'attività operativa (A)	846.817	2.945.550
<b>B) Flussi finanziari derivanti dall'attività d'investimento</b>		
Immobilizzazioni materiali		
(Investimenti)	(1.851.894)	(1.281.103)
Disinvestimenti	72.533	32.501
Immobilizzazioni immateriali		
(Investimenti)	(20.101)	-
Disinvestimenti	-	1
Immobilizzazioni finanziarie		
(Investimenti)	1.000.000	-
Disinvestimenti	(725)	-
Flusso finanziario dell'attività di investimento (B)	(800.187)	(1.248.602)
<b>C) Flussi finanziari derivanti dall'attività di finanziamento</b>		
Mezzi di terzi		
Incremento/(Decremento) debiti a breve verso banche	-	114.763
Accensione finanziamenti	707.532	12.259
(Rimborso finanziamenti)	(1.547.366)	-
Mezzi propri		
Aumento di capitale a pagamento	-	17.094
Flusso finanziario dell'attività di finanziamento (C)	(839.834)	144.116
Incremento (decremento) delle disponibilità liquide (A ± B ± C)	(793.204)	1.841.064
Disponibilità liquide a inizio esercizio		
Depositi bancari e postali	4.564.558	2.724.116
Danaro e valori in cassa	636	14
Totale disponibilità liquide a inizio esercizio	4.565.194	2.724.130
Disponibilità liquide a fine esercizio		
Depositi bancari e postali	3.771.609	4.564.558
Danaro e valori in cassa	381	636
Totale disponibilità liquide a fine esercizio	3.771.990	4.565.194

# 6.4

## Nota integrativa

Signori Soci,  
il presente bilancio, sottoposto al Vostro esame e alla Vostra approvazione, evidenzia un utile d'esercizio pari a Euro . Come sapete, dal 2016, la Società si è trasformata in benefit. Per tale motivo ai sensi della L. 268/2015 viene allegata al presente bilancio, oltre alla relazione sulla gestione, la relazione sul beneficio comune.

### **Criteri di formazione**

Il seguente bilancio è conforme al dettato degli articoli 2423 e seguenti del Codice civile, come risulta dalla presente nota integrativa, redatta ai sensi dell'articolo 2427 del Codice civile, che costituisce, ai sensi e per gli effetti dell'articolo 2423, parte integrante del bilancio d'esercizio. I criteri utilizzati nella formazione e nella valutazione del bilancio chiuso al 31/12/2022 tengono conto delle novità introdotte nell'ordinamento nazionale dal D.Lgs. 139/2015, tramite il quale è stata data attuazione alla Direttiva 2013/34/UE. Per effetto del D.Lgs. 139 /2015 sono stati modificati i principi contabili nazionali OIC. Tali principi rappresentano un indispensabile strumento di integrazione e di interpretazione della norma civilistica per la redazione del bilancio e la loro applicazione è sempre stata garantita per gli utilizzatori di una veritiera ed affidabile rappresentazione della situazione aziendale. L'importanza dei suddetti principi contabili si è ulteriormente accresciuta, a seguito del riconoscimento giuridico della funzione pubblicistica dell'Oic sancito dalla Legge n. 116/2014 di conversione del D.L. n. 91/2014. Tali documenti, in buona sostanza, sono uno strumento tecnico per operatori ed esperti del settore e rappresentano l'evoluzione della dottrina e, contestualmente, sono riconosciuti come "best practice" da coloro tenuti ad adottarli. I valori di bilancio sono rappresentati in unità di Euro mediante arrotondamenti dei relativi im-

porti. Le eventuali differenze da arrotondamento sono state indicate alla voce "Riserva da arrotondamento Euro" compresa tra le poste di Patrimonio Netto e "rettifiche per arrotondamento Euro" alla voce "oneri diversi di gestione" di Conto Economico. Ai sensi dell'articolo 2423, quinto comma, C.c., la nota integrativa è stata redatta in migliaia di Euro.

### **Principi di redazione**

(Rif. art. 2427, primo comma, n. 1, C.c. e principio contabile OIC 12)

I criteri utilizzati nella formazione del bilancio chiuso al 31/12/2022 non si discostano dai medesimi utilizzati per la formazione del bilancio del precedente esercizio, in particolare nelle valutazioni e nella continuità dei medesimi principi, ad eccezione dell'applicazione del criterio del costo ammortizzato nella valutazione dei debiti con scadenza superiore a 12 mesi. La valutazione delle voci di bilancio è stata fatta ispirandosi a criteri generali di prudenza e competenza, nella prospettiva della continuazione dell'attività, nonché tenendo conto della funzione economica dell'elemento dell'attivo o del passivo considerato. L'applicazione del principio di prudenza ha comportato la valutazione individuale degli elementi componenti le singole poste o voci delle attività o passività, per evitare compensazioni tra perdite che dovevano essere riconosciute e profitti da non riconoscere in quanto non realizzati. In ottemperanza al principio di competenza, l'effetto delle operazioni e degli altri eventi è stato rilevato contabilmente ed attribuito all'esercizio al quale tali operazioni ed eventi si riferiscono, e non a quello in cui si concretizzano i relativi movimenti di numerario (incassi e pagamenti). La continuità di applicazione dei criteri di valutazione nel tempo rappresenta elemento necessario ai fini della comparabilità dei bilanci della società nei vari esercizi. La rilevazione e la presentazione delle voci di bilancio è stata fatta tenendo conto della sostanza dell'operazione o del contratto. La valutazione tenendo conto della funzione economica dell'elemento dell'attivo o del passivo considerato che esprime il principio della prevalenza della sostanza sulla forma - obbligatoria laddove non espressamente in contrasto con altre norme spe-

cifiche sul bilancio - consente la rappresentazione delle operazioni secondo la realtà economica sottostante gli aspetti formali.

### **Casi eccezionali ex art. 2423, quinto comma, del Codice Civile**

(Rif. art. 2423, quinto comma, C.c.)

Non si sono verificati casi eccezionali che abbiano reso necessario il ricorso a deroghe di cui all'art. 2423 comma 5 del Codice Civile.

## **Nota Integrativa Attivo Immobilizzazioni**

### **Immobilizzazioni immateriali**

Sono iscritte al costo storico di acquisizione ed esposte al netto degli ammortamenti effettuati nel corso degli esercizi e imputati direttamente alle singole voci. I diritti di brevetto industriale e i diritti di utilizzazione delle opere dell'ingegno, le licenze, concessioni e marchi sono ammortizzati con una aliquota annua del 20%. Le spese sui mutui sostenute fino al 31/12/2015 sono ammortizzate in base alla durata dei contratti.

### **Movimenti delle immobilizzazioni immateriali**

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	<b>Costi di impianto e di ampliamento</b>	<b>Diritti di brevetto industriale e diritti di utilizzazione delle opere dell'ingegno</b>	<b>Concessioni, licenze, marchi e diritti simili</b>	<b>Altre immobilizza- zioni immateriali</b>	<b>Totale immobilizza- zioni immateriali</b>
Valore di inizio esercizio					
Costo	33.010	254.382	811.982	57.305	1.156.679
Ammortamenti (Fondo ammortamento)	6.602	200.083	74.119	32.591	313.395
Valore di bilancio	26.408	54.299	737.863	24.714	843.284
Variazioni nell'esercizio					
Incrementi per acquisizioni	8.600	8.526	-	2.975	20.101
Ammortamento dell'esercizio	4.161	34.953	43.404	7.598	90.116
Totale variazioni	4.439	(26.427)	(43.404)	(4.623)	(70.015)
Valore di fine esercizio					
Costo	41.610	262.908	811.982	60.280	1.176.780
Ammortamenti (Fondo ammortamento)	10.763	235.036	117.522	40.189	403.510
Valore di bilancio	30.847	27.872	694.460	20.091	773.270

## **Immobilizzazioni materiali**

### **Movimenti delle immobilizzazioni materiali**

Sono iscritte al costo di acquisto e rettificate dai corrispondenti fondi di ammortamento. Nel valore di iscrizione in bilancio si è tenuto conto degli oneri accessori e dei costi sostenuti per l'utilizzo dell'immobilizzazione, portando a riduzione del costo gli sconti commerciali e gli sconti cassa di ammontare rilevante. Le quote di ammortamento, imputate a conto economico, sono state calcolate attesi l'utilizzo, la destinazione e la durata economicotecnica dei cespiti, sulla base del criterio della residua possibilità di utilizzazione, criterio che abbiamo ritenuto ben rappresentato dalle seguenti aliquote, non modificate rispetto all'esercizio precedente e ridotte alla metà nell'esercizio di entrata in funzione del bene:

- Impianti generici e specifici: 10%
- Attrezzature: 25%
- Macchinari: 15,50%
- Automezzi e mezzi di trasporto interno: 20%
- Mobili e macchine ordinarie ufficio: 12%
- Macchine ufficio elettriche ed elettroniche: 20%
- Autovetture: 25%
- Telefoni cellulari: 20%

### **Operazioni di locazione finanziaria**

Le operazioni di locazione finanziaria sono rappresentate in bilancio secondo il metodo patrimoniale, contabilizzando a conto economico i canoni corrisposti secondo il principio di competenza. In apposita sezione della nota integrativa sono fornite le informazioni complementari previste dalla legge relative alla rappresentazione dei contratti di locazione finanziaria secondo il metodo finanziario. La società ha in essere n. 6 contratti di locazione finanziaria per i principali dei quali, ai sensi dell'articolo 2427, primo comma, n. 22, C.c. si forniscono le seguenti informazioni:

#### **Contratti di leasing in essere**

Valore attuale delle rate di canone non scadute Euro 673.930;

Onere finanziario effettivo attribuibile ad esso e riferibile all'esercizio Euro 9.966;

	<b>Impianti e macchinario</b>	<b>Attrezzature industriali e commerciali</b>	<b>Altre immobilizzazioni materiali</b>	<b>Totale immobilizzazioni materiali</b>
Valore di inizio esercizio				
Costo	13.420.319	208.646	275.739	13.904.704
Ammortamenti (Fondo ammortamento)	8.702.288	197.526	229.531	9.129.345
Valore di bilancio	4.718.031	11.120	46.208	4.775.359
Variazioni nell'esercizio				
Incrementi per acquisizioni	1.840.743	6.808	4.342	1.851.893
Decrementi per alienazioni e dismissioni (del valore di bilancio)	72.533	-	-	72.533
Ammortamento dell'esercizio	1.511.754	7.688	16.932	1.536.374
Altre variazioni	(72.533)	-	-	(72.533)
Totale variazioni	183.923	(880)	(12.590)	170.453
Valore di fine esercizio				
Costo	15.188.529	215.454	280.081	15.684.064
Ammortamenti (Fondo ammortamento)	10.141.509	205.215	246.463	10.593.187
Valore di bilancio	5.047.020	10.239	33.618	5.090.877

Valore del bene alla chiusura dell'esercizio considerato come immobilizzazione Euro 1.120.270.

Conformemente alle indicazioni fornite dal documento OIC 1 - I PRINCIPALI EFFETTI DELLA RIFORMA DEL DIRITTO SOCIETARIO SULLA REDAZIONE DEL BILANCIO D'ESERCIZIO, nella tabella seguente sono fornite le informazioni sugli effetti che si sarebbero prodotto sul Patrimonio Netto e sul Conto Economico rilevando

le operazioni di locazione finanziaria con il metodo finanziario rispetto al criterio cosiddetto patrimoniale dell'addebito al Conto Economico dei canoni corrisposti.

#### **Effetti sul patrimonio**

- Valore dei beni in leasing finanziario al termine dell'esercizio, comprensivo di eventuali risconti attivi € 1.120.270;
- Maggior valore complessivo dei beni riscattati determinato secondo la metodologia finanziaria, rispetto al loro valore netto contabile alla fine dell'esercizio € 0.
- Debiti impliciti per operazioni di leasing finanziario alla fine dell'esercizio, comprensivi di eventuali ratei passivi € 673.930;
- Effetto complessivo netto alla fine dell'esercizio € 329.025.

#### **Effetti sul conto economico**

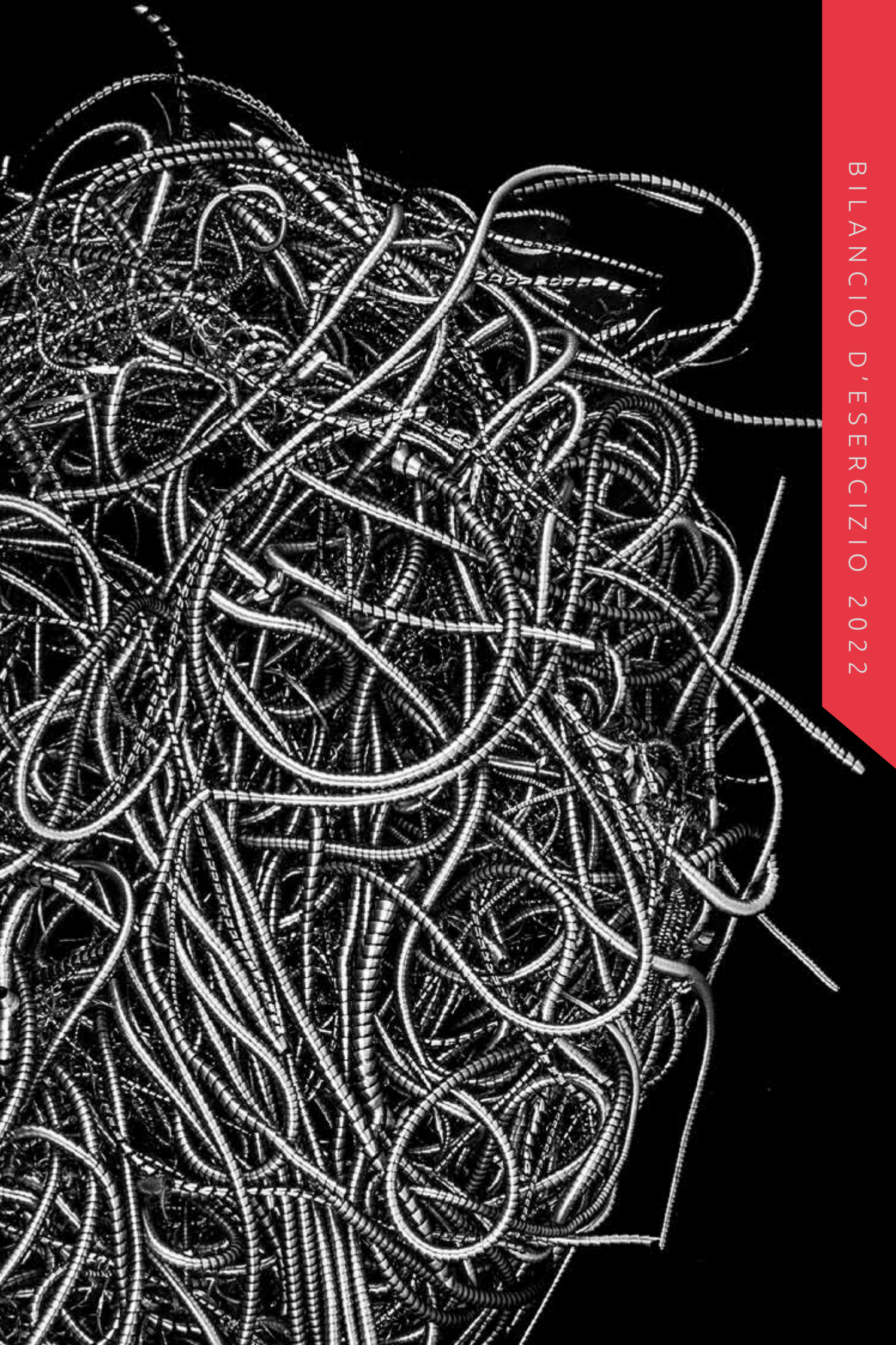
Effetto netto che si avrebbe avuto sul risultato di esercizio della rilevazione delle operazioni di leasing con il metodo finanziario rispetto al metodo patrimoniale adottato € 44.550.

### **Immobilizzazioni finanziarie**

Le altre partecipazioni sono iscritte al costo di acquisto o di sottoscrizione. Le partecipazioni iscritte nelle immobilizzazioni rappresentano un investimento duraturo e strategico da parte della società. Le partecipazioni iscritte al costo di acquisto non sono state svalutate perché non hanno subito alcuna perdita durevole di valore.







## Movimenti di partecipazioni, altri titoli e strumenti finanziari derivati attivi immobilizzati

### Le partecipazioni in altre imprese

Le partecipazioni in altre imprese sono costituite dal Contributo Conai per € 5, per € 258 dal contributo alla società Regionale di Garanzia S.C. a R.L..

### Variazioni e scadenza dei crediti immobilizzati

I crediti immobilizzati verso altri si riferiscono a depositi cauzionali.

## Attivo circolante

### Rimanenze

Materie prime, ausiliarie e prodotti finiti sono iscritti al minore tra il costo di acquisto o di fabbricazione e il valore di realizzo desumibile dall'andamento del mercato, applicando il metodo FIFO (esclusivamente per le materie prime) ed il costo specifico (per i semilavorati e i prodotti finiti). Non sono stati imputati oneri finanziari. L'utilizzo di tali metodi di valutazione non ha dato luogo a divergenze consistenti rispetto al costo corrente. I criteri di valutazione adottati sono invariati rispetto all'esercizio precedente e motivati nella prima parte della presente Nota integrativa.

### Crediti iscritti nell'attivo circolante

Il criterio del costo ammortizzato non è stato applicato in quanto gli effetti sono irrilevanti al fine di dare una rappresentazione veritiera e corretta. I crediti sono esposti al presumibile valore di realizzo. L'adeguamento del valore nominale dei crediti al valore presunto di realizzo è ottenuto mediante apposito fondo svalutazione crediti, tenendo in considerazione le considerazioni economiche generali, di settore e anche il rischio di paese.

	<b>Partecipazioni in altre imprese</b>	<b>Totale Partecipazioni</b>	<b>Altri titoli</b>
Valore di inizio esercizio			
● Costo	989	989	2.268
● Valore di bilancio	989	989	2.268
● Variazioni nell'esercizio			
● Incrementi per acquisizioni	-	-	1.000.000
● Decrementi per alienazioni (del valore di bilancio)	725	725	-
● Totale variazioni	(725)	(725)	1.000.000
● Valore di fine esercizio			
● Costo	263	263	1.002.268
● Valore di bilancio	263	263	1.002.268

	<b>Valore di inizio esercizio</b>	<b>Variazione nell'esercizio</b>	<b>Valore di fine esercizio</b>
● Materie prime, sussidiarie e di consumo	121.681	2.352	124.033
● Prodotti in corso di lavorazione e semilavorati	92.574	(32.205)	60.369
● Prodotti finiti e merci	398.854	138.546	537.400
● Totale rimanenze	613.109	108.693	721.802

### **Variazioni e scadenza dei crediti iscritti nell'attivo circolante**

Non esistono crediti iscritti nell'Attivo Circolante aventi durata residua superiore a cinque anni. L'adeguamento del valore nominale dei crediti è ottenuto mediante apposito fondo svalutazione crediti.

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### **Suddivisione dei crediti iscritti nell'attivo circolante per area geografica**

La ripartizione dei crediti al 31/12/2022 secondo area geografica è riportata nella tabella seguente (articolo 2427, primo comma, n. 6, C.c.).

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### **Disponibilità liquide**

Il saldo rappresenta le disponibilità liquide e l'esistenza di numerario e di valori alla data di chiusura dell'esercizio.

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio	Quota scadente oltre l'esercizio
Crediti verso clienti iscritti nell'attivo circolante	3.779.915	(84.453)	3.695.462	3.695.462	-
Crediti tributari iscritti nell'attivo circolante	131.946	890.038	1.021.984	753.922	268.062
Crediti verso altri iscritti nell'attivo circolante	10.731	29.004	39.735	39.735	-
Totale crediti iscritti nell'attivo circolante	3.922.592	834.589	4.757.181	4.489.119	268.062

Area geografica	Italia	CEE	Extra CEE	Totale
Crediti verso clienti iscritti nell'attivo circolante	3.343.220	202.968	149.274	3.695.462
Crediti tributari iscritti nell'attivo circolante	1.021.984	-	-	1.021.984
Crediti verso altri iscritti nell'attivo circolante	39.735	-	-	39.735
Totale crediti iscritti nell'attivo circolante	4.404.939	202.968	149.274	4.757.181

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Depositi bancari e postali	4.564.558	(792.949)	3.771.609
Denaro e altri valori in cassa	636	(255)	381
Totale disponibilità liquide	4.565.194	(793.204)	3.771.990

## Ratei e risconti attivi

Sono stati determinati secondo il criterio dell'effettiva competenza temporale dell'esercizio. Per i ratei e risconti di durata pluriennale sono state verificate le condizioni che ne avevano determinato l'iscrizione originaria, adottando, ove necessario, le opportune variazioni. Misurano proventi e oneri la cui competenza è anticipata o posticipata rispetto alla manifestazione numeraria e/o documentale; essi prescindono dalla data di pagamento o riscossione dei relativi proventi e oneri, comuni a due o più esercizi e ripartibili in ragione del tempo. Sussistono, al 31/12/2022, ratei e risconti aventi durata superiore a cinque anni.

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## Oneri finanziari capitalizzati

Nel corso dell'esercizio non sono stati imputati oneri finanziari a valori iscritti nell'attivo dello Stato patrimoniale.

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Ratei attivi	29.354	(16.694)	12.660
Risconti attivi	218.376	(27.194)	191.182
Totale ratei e risconti attivi	247.730	(43.888)	203.842

**Risconti attivi****31/12/2022**

Maxi canoni su leasing	165.225
Canoni di locazione vari	8.905
Assicurazioni	13.211
Altri di ammontare non apprezzabile	3.841
<b>Totale</b>	<b>191.182</b>

**Ratei attivi****31/12/2022**

Contributo Sabatini	11.519
Altri di ammontare non apprezzabile	1.141
<b>Totale</b>	<b>12.660</b>

## **Nota Integrativa Passivo e patrimonio netto**

### **Patrimonio netto**

#### **Variazioni nelle voci di patrimonio netto**

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Il patrimonio netto ammonta a euro 9.926.328 ed evidenzia una variazione in aumento di euro 491.691.

Di seguito si evidenziano le variazioni intervenute nella consistenza delle voci del patrimonio netto, come richiesto dall'art. 2427 c.1 n. 4 C.C., nonché la composizione della voce "Varie Altre riserve".

#### **Disponibilità e utilizzo del patrimonio netto**

Le poste del patrimonio netto sono così distinte secondo l'origine, la possibilità di utilizzazione, la distribuibilità e l'avvenuta utilizzazione nei tre esercizi precedenti (articolo 2427, primo comma, n. 7-*bis*, C.c.)

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	Valore di inizio esercizio	Destinazione del risultato dell'esercizio precedente	Altre variazioni		Risultato d'esercizio	Valore di fine esercizio
			Altre destinazioni	Incrementi		
Capitale	1.000.000	-	-	-	-	1.000.000
Riserve di rivalutazione	1.799.115	-	-	-	-	1.799.115
Riserva legale	200.000	-	-	-	-	200.000
Altre riserve						
Riserva straordinaria	5.352.669	-	1.098.457	-	-	6.451.126
Varie altre riserve	4.647	-	1	1	-	4.648
Totale altre riserve	5.357.316	-	1.098.458	1	-	6.455.774
Riserva per operazioni di copertura dei flussi finanziari attesi	(20.251)	-	55.872	-	-	35.621
Utile (perdita) dell'esercizio	1.098.457	(1.098.457)	-	1.090.188	435.818	435.818
Totale patrimonio netto	9.434.637	(1.098.457)	17.095	1.090.188	435.818	9.926.328

	Importo	Possibilità di utilizzazione
Capitale	1.000.000	B
Riserve di rivalutazione	1.799.115	A, B, C, D
Riserva legale	200.000	B
Altre riserve		
Riserva straordinaria	6.451.126	A, B, C
Varie altre riserve	4.648	A, B
Totale altre riserve	6.455.774	
Riserva per operazioni di copertura dei flussi finanziari attesi	35.621	A, B, C, D
Totale	9.490.510	

#### Legenda

A: per aumento di capitale; B: per copertura perdite; C: per distribuzione ai soci; D: per altri vincoli statutari; E: altro

## Fondi per rischi e oneri

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### Trattamento di fine rapporto di lavoro subordinato

Rappresenta l'effettivo debito maturato verso i dipendenti in conformità di legge e dei contratti di lavoro vigenti, considerando ogni forma di remunerazione avente carattere continuativo. Il fondo corrisponde al totale delle singole indennità maturate a favore dei dipendenti alla data di chiusura del bilancio, al netto degli acconti erogati, ed è pari a quanto si sarebbe dovuto corrispondere ai dipendenti nell'ipotesi di cessazione del rapporto di lavoro in tale data. Il fondo non ricomprende le indennità maturate a partire dal primo gennaio 2007, destinate a forme pensionistiche complementari ai sensi del D.Lgs. n. 252 del 5 dicembre 2005 (ovvero trasferite alla tesoreria).

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	<b>Strumenti finanziari derivati passivi</b>	<b>Totale fondi per rischi e oneri</b>
Valore di inizio esercizio	20.251	20.251
Variazioni nell'esercizio		
Totale variazioni	(55.872)	(55.872)
Valore di fine esercizio	(35.621)	(35.621)

	<b>Trattamento di fine rapporto di lavoro subordinato</b>
Valore di inizio esercizio	803.477
Variazioni nell'esercizio	
Totale variazioni	122.818
Valore di fine esercizio	926.295

## Debiti

I Debiti con scadenza superiore a 12 mesi sono rilevati secondo il criterio del costo ammortizzato, tenendo conto del fattore temporale. Nella rilevazione iniziale dei debiti con il criterio del costo ammortizzato il fattore temporale viene rispettato confrontando il tasso di interesse effettivo con i tassi di interesse di mercato. Alla chiusura dell'esercizio il valore dei debiti valutati al costo ammortizzato è pari al valore attuale dei flussi finanziari futuri scontati al tasso di interesse effettivo. Per i debiti con scadenza inferiore a 12 mesi il criterio del costo ammortizzato non è stato applicato in quanto gli effetti sono irrilevanti al fine di dare una rappresentazione veritiera e corretta. Pertanto i debiti sono esposti al valore nominale, modificato in occasione di resi o di rettifiche di fatturazione.

(Rif. art. 2427, primo comma, n. 4, C.c.)

### Variazioni e scadenza dei debiti

Il saldo del debito verso banche al 31/12/2022, pari a Euro 2.226.919, comprensivo dei mutui passivi, esprime l'effettivo debito per capitale, interessi ed oneri accessori maturati ed esigibili. I "Debiti verso fornitori" sono iscritti al netto degli sconti commerciali; gli sconti cassa sono invece rilevati al momento del pagamento. Il valore nominale di tali debiti è stato rettificato, in occasione di resi o abbuoni (rettifiche di fatturazione), nella misura corrispondente all'ammontare definito con la controparte. La voce "Debiti tributari" accoglie solo le passività per imposte certe e determinate.

	<b>Valore di inizio esercizio</b>	<b>Variazione nell'esercizio</b>	<b>Valore di fine esercizio</b>	<b>Quota scadente entro l'esercizio</b>	<b>Quota scadente oltre l'esercizio</b>
Debiti verso banche	2.071.941	154.978	2.226.919	994.811	1.232.108
Debiti verso fornitori	2.261.084	(9.965)	2.251.119	2.251.119	-
Debiti tributari	109.160	(22.967)	86.193	86.193	-
Debiti verso istituti di previdenza e di sicurezza sociale	114.080	(4.200)	109.880	109.880	-
Altri debiti	176.368	(4.299)	172.069	172.069	-
<b>Totale debiti</b>	<b>4.732.633</b>	<b>113.547</b>	<b>4.846.180</b>	<b>3.614.072</b>	<b>1.232.108</b>

## ● **Suddivisione dei debiti per area geografica**

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## ● **Debiti assistiti da garanzie reali su beni sociali**

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In relazione a quanto disposto dall'ultima parte del c. 1 n. 6 dell'art. 2427 C.C., si segnala che non esistono debiti assistiti da garanzie reali su beni sociali.

## ● **Ratei e risconti passivi**

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Sono stati determinati secondo il criterio dell'effettiva competenza temporale dell'esercizio. Per i ratei e risconti di durata pluriennale sono state verificate le condizioni che ne avevano determinato l'iscrizione originaria, adottando, ove necessario, le opportune variazioni. Rappresentano le partite di collegamento dell'esercizio conteggiate col criterio della competenza temporale. Non sussistono, al 31/12/2022, ratei e risconti aventi durata superiore a cinque anni.

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Area geografica	Italia	CEE	Totale
Debiti verso banche	2.226.919	-	2.226.919
Debiti verso fornitori	2.237.073	14.046	2.251.119
Debiti tributari	86.193	-	86.193
Debiti verso istituti di previdenza e di sicurezza sociale	109.880	-	109.880
Altri debiti	172.069	-	172.069
<b>Debiti</b>	<b>4.832.134</b>	<b>14.046</b>	<b>4.846.180</b>

	Debiti non assistiti da garanzie reali	Totale
Debiti verso banche	2.071.941	2.071.941
Debiti verso fornitori	2.261.084	2.261.084
Debiti tributari	109.160	109.160
Debiti verso istituti di previdenza e di sicurezza sociale	114.080	114.080
Altri debiti	176.368	176.368
<b>Debiti</b>	<b>4.732.633</b>	<b>4.732.633</b>

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Ratei passivi	13.684	6.198	19.882
Risconti passivi	-	672.586	672.586
<b>Totale ratei e risconti passivi</b>	<b>13.684</b>	<b>678.784</b>	<b>692.468</b>

Risconti passivi	31/12/2022
Risconti passivi per Contributi Sabatini	88.986
Risconti passivi per Contr. Credito d'imposta beni strumentali per acquisto beni 4.0	583.600
<b>Totale</b>	<b>672.586</b>

Ratei passivi	31/12/2022
Ratei passivi su assicurazioni	14.787
Ratei passivi su interessi passivi	847
Altri ratei passivi di ammontare non apprezzabile	4.248
<b>Totale</b>	<b>19.882</b>

## Nota Integrativa Conto economico

### Valore della produzione

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#### Suddivisione dei ricavi delle vendite e delle prestazioni per categoria di attività

In relazione a quanto richiesto dall'art. 2427 c. 1 n. 10 C.C., si ritiene non significativo ripartire i ricavi per categorie di attività in quanto la società svolge essenzialmente una sola attività.

#### Suddivisione dei ricavi delle vendite e delle prestazioni per area geografica

Come richiesto dall'art. 2427 c. 1 n. 10 C.C., la ripartizione dei ricavi per aree geografiche di destinazione è esposta nel prospetto seguente.

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### Costi della produzione

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#### Costi per materie prime, sussidiarie, di consumo e di merci e Costi per servizi

Sono strettamente correlati a quanto esposto nella parte della Relazione sulla gestione e all'andamento del punto A (Valore della produzione) del Conto economico.

#### Costi per il personale

La voce comprende l'intera spesa per il personale dipendente ivi compresi i miglioramenti di merito, passaggi di categoria, scatti di contingenza, costo delle ferie non godute e accantonamenti di legge e contratti collettivi.

#### Ammortamento delle immobilizzazioni materiali

Per quanto concerne gli ammortamenti si specifica che gli stessi sono stati calcolati sulla base della durata utile del cespite e del suo sfruttamento nella fase produttiva.



Descrizione	31-12-2022	31-12-2021	Variazioni
Ricavi vendite e prestazioni	11.208.649	11.271.597	(62.948)
Variazioni rimanenze prodotti	106.341	107.597	(1.256)
Altri ricavi e proventi	434.564	185.772	248.792
<b>Totale</b>	<b>11.749.554</b>	<b>11.564.966</b>	<b>184.588</b>

Area geografica	Valore esercizio corrente
Italia	9.789.965
CEE	821.236
Extra CEE	597.448
<b>Totale</b>	<b>11.208.649</b>

Descrizione	31-12-2022	31-12-2021	Variazioni
Materie prime, sussidiarie e merci	5.288.032	4.986.835	301.197
Servizi	1.896.392	1.409.810	486.582
Godimento di beni di terzi	365.256	372.327	(7.071)
Salari e stipendi	1.370.068	1.357.258	12.810
Oneri sociali	427.582	460.715	(33.133)
Trattamento di fine rapporto	170.003	121.843	48.160
Altri costi del personale	3.567	-	3.567
Ammortamento immobilizzazioni immateriali	90.115	86.998	3.117
Ammortamento immobilizzazioni materiali	1.536.376	1.419.934	116.342
Variazione rimanenze materie prime	(2.351)	(17.010)	14.659
Oneri diversi di gestione	97.023	37.118	59.905
<b>Totale</b>	<b>11.242.064</b>	<b>10.235.829</b>	<b>1.006.235</b>

## ● Proventi e oneri finanziari

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### Ripartizione degli interessi e altri oneri finanziari per tipologia di debiti

In ottemperanza al disposto dell'art. 2427 c. 1 n. 12 C.C., si fornisce il dettaglio, in base alla loro origine, degli interessi ed oneri finanziari iscritti alla voce C.17 di Conto economico.

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### Imposte sul reddito d'esercizio, correnti, differite e anticipate

### ● Riconciliazione tra onere fiscale da bilancio e onere fiscale teorico (IRES)

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Descrizione	31-12-2022	31-12-2021	Variazioni
Proventi diversi dai precedenti	7.986	3.412	(2.548)
(Interessi e altri oneri finanziari)	(41.318)	(33.159)	1.544
<b>Totale</b>	<b>(33.332)</b>	<b>(29.746)</b>	<b>(1.003)</b>

#### Interessi e altri oneri finanziari

Debiti verso banche	34.996
Altri	6.322
<b>Totale</b>	<b>41.318</b>

Descrizione	Valore	Imposte
Risultato prima delle imposte	474.158	
Onere fiscale teorico (%)	24	113.798
<b>Differenze temporanee tassabili in esercizi successivi</b>		
Interessi passivi indeducibili	148	
Amm.ti indeducibili	43.524	
20% spese telefoniche	1.540	
Spese di rappresentanza	1.305	
Altri costi non deducibili	53.781	
Quota no ded. leasing Imm.	39.075	
Quota IRAP deducibile	11.006	
Sopravvenienze attive non tassabili	323.802	
Super ammortamento e iper ammortamento	624.757	
Detassazione ACE	-	
<b>Totale fiscale</b>	<b>(346.043)</b>	
Imposte correnti sul reddito dell'esercizio	-	

## **Determinazione dell'imponibile IRAP**

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### **Nota Integrativa, altre informazioni**

#### **Dati sull'occupazione**

#### **Numero medio dei dipendenti ripartito per categorie (art. 2427 c. 1 n. 15 C.C.)**

Il numero medio dei dipendenti, ripartito per categoria, è evidenziato nel seguente prospetto:

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#### **Compensi, anticipazioni e crediti concessi ad amministratori e sindaci e impegni assunti per loro conto**

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#### **Compensi al revisore legale o società di revisione**

#### **Corrispettivi spettanti per revisione legale, altri servizi di verifica, consulenza fiscale e servizi diversi (art. 2427 c. 1 n. 16-bis C.C.)**

I corrispettivi corrisposti al revisore legale per i servizi forniti di cui all'art. 2427 n. 16-bis C.C. risultano dal seguente prospetto:

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Descrizione	Valore	Imposte
<b>Differenza tra valore e costi della produzione</b>	<b>507.490</b>	
• Compensi degli amministratori	235.000	
• Contributi su compensi agli amministratori	46.933	
• Altri costi non deducibili	200.408	
• Altre variazioni in diminuzione	(323.802)	
• Deduzioni rilevanti ai fini IRAP	144.536	
<b>Imponibile IRAP</b>	<b>810.565</b>	
• IRAP teorico dell'esercizio	38.339	

Organico	31-12-2022	31-12-2021	Variazioni
• Impiegati	6	6	-
• Operai	40	40	-
<b>Totale</b>	<b>46</b>	<b>46</b>	<b>-</b>

**Amministratori**

• Compensi	235.000
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**Revisore legale**

• Compensi	3.000
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## **Impegni, garanzie e passività potenziali non risultanti dallo stato patrimoniale**

### **Informazioni sulle operazioni con parti correlate**

(Rif. art. 2427, primo comma, n. 22-bis, C.c.)

La società non ha posto in essere operazioni con parti correlate.

### **Informazioni sugli accordi non risultanti dallo stato patrimoniale**

(Rif. art. 2427, primo comma, n. 22-ter, C.c.)

La società non ha in essere accordi non risultanti dallo Stato Patrimoniale.

### **Informazioni sui fatti di rilievo avvenuti dopo la chiusura dell'esercizio**

#### **Fatti di rilievo avvenuti dopo la chiusura dell'esercizio (art. 2427 c. 1 n. 22-quater C.C.)**

Successivamente alla chiusura dell'esercizio non si sono rilevati fatti di rilievo tali da essere oggetto di illustrazione nella presente nota integrativa.

### **Informazioni relative agli strumenti finanziari derivati ex art. 2427-bis del Codice Civile**

Come richiesto dall' art. 2427-bis, primo comma, n. 1 del codice civile sono fornite nel seguito le seguenti informazioni per gli strumenti finanziari derivati: La tipologia del contratto derivato rientra nell'Interest Rate Swap (Tasso Certo), n. contratto 27980791 presso l'Istituto di credito Intesa San Paolo, è stato sottoscritto con la finalità di copertura del rischio di aumento dei tassi di interesse sul contratto di leasing immobiliare stipulato il 01/05/2017 con la società ICCREA Leasing per un corrispettivo complessivo di € 988.467,51 con scadenza al 30/04/2027. Il fair value del contratto derivato riferito al 31/12/2022 è pari a € +35.621.

**Importo**

581.131

Beni in leasing

**Informazioni ex art. 1, comma 125, della legge 4 agosto 2017 n. 124**

Ai sensi dell'art. 1, comma 125-bis, della Legge 4 agosto 2017, n. 124, in ottemperanza all'obbligo di trasparenza, si segnala che sono state ricevuti i seguenti contributi:

- € 6.194,00 Contributi FORMAZIONE – Piani Formativi FONDIMPRESA;
- € 141.661,50 Contributo dal Ministero dello sviluppo economico, per Nuova Sabatini di cui al Decreto Legge 69/2013.

**Proposta di destinazione degli utili o di copertura delle perdite**

Sulla base di quanto esposto si propone di destinare l'utile di esercizio, ammontante a complessivi euro 435.818, interamente a riserva straordinaria.

Il presente bilancio, composto da Stato patrimoniale, Conto economico e Nota integrativa e Rendiconto finanziario, rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria nonché il risultato economico dell'esercizio e corrisponde alle risultanze delle scritture contabili.

Jesi, 31/03/2023

Il Presidente del Consiglio di Amministrazione  
Paradisi Tiziana

L'Amministratore Delegato  
Paradisi Gaia

Il Consigliere  
Dominici Tonino

**Dichiarazione di conformità del bilancio**

Il sottoscritto PARADISI TIZIANA ai sensi dell'art. 47 del d.p.r. n. 445/2000, dichiara che il documento informatico in formato xbrl contenente lo stato patrimoniale, il conto economico, il rendiconto finanziario e la nota integrativa sono conformi ai corrispondenti documenti originali depositati presso la società'.

Data, 31/03/2023







6.5

## Relazione sulla gestione

Signori soci,  
il bilancio che viene sottoposto alla Vostra approvazione è la più chiara dimostrazione della situazione in cui si trova la Vostra società. Sulla base delle risultanze in esso contenute, possiamo esprimere parere favorevole per i risultati raggiunti nel corso dell'ultimo esercizio, chiuso al 31/12/2022, che hanno portato un Utile di euro 435.818. La presente relazione riguarda l'analisi della gestione avuto riguardo ai dettami di cui all'art. 2428 del codice civile e ha la funzione di offrire una panoramica sulla situazione della società e sull'andamento della gestione dell'esercizio, il tutto con particolare riguardo ai costi, ai ricavi ed agli investimenti.

Si evidenzia che il bilancio chiuso al 31/12/2022 è stato redatto con riferimento alle norme del codice civile, nonché nel rispetto delle norme fiscali vigenti.

Ricordiamo inoltre che la società, in quanto società Benefit ai sensi della L. n. 208/2015 art.

1, comma 382, anche per l'anno 2022 ha redatto la Relazione sul beneficio Comune, rendicontando gli obiettivi di sostenibilità riguardanti le proprie categorie di stakeholder rilevanti raggiunti nell'esercizio e prefissandone dei nuovi per l'anno 2023.

### **Analisi della situazione della società, dell'andamento e del Risultato della gestione**

#### **Andamento generale del mercato**

L'anno 2022, iniziato con il progressivo allentamento delle misure restrittive per il contrasto alla pandemia Covid 19, ha evidenziato fin dal mese di gennaio segnali rassicuranti per la ripresa del settore produttivo. Tuttavia la ripresa economica è stata poi immediatamente rallentata dagli effetti del conflitto tra Ucraina e Russia, in particolare dalla forte ondata di rincari dei prezzi di materie prime ener-

getiche, agricole e industriali che hanno avuto un riflesso importante sull'attività produttiva. Dopo il forte rimbalzo post-pandemico del fatturato dell'industria del 2021 (+22,6 per cento), l'andamento positivo della crescita ha registrato una forte decelerazione registrando un incremento di valore del + 16,9 per cento.

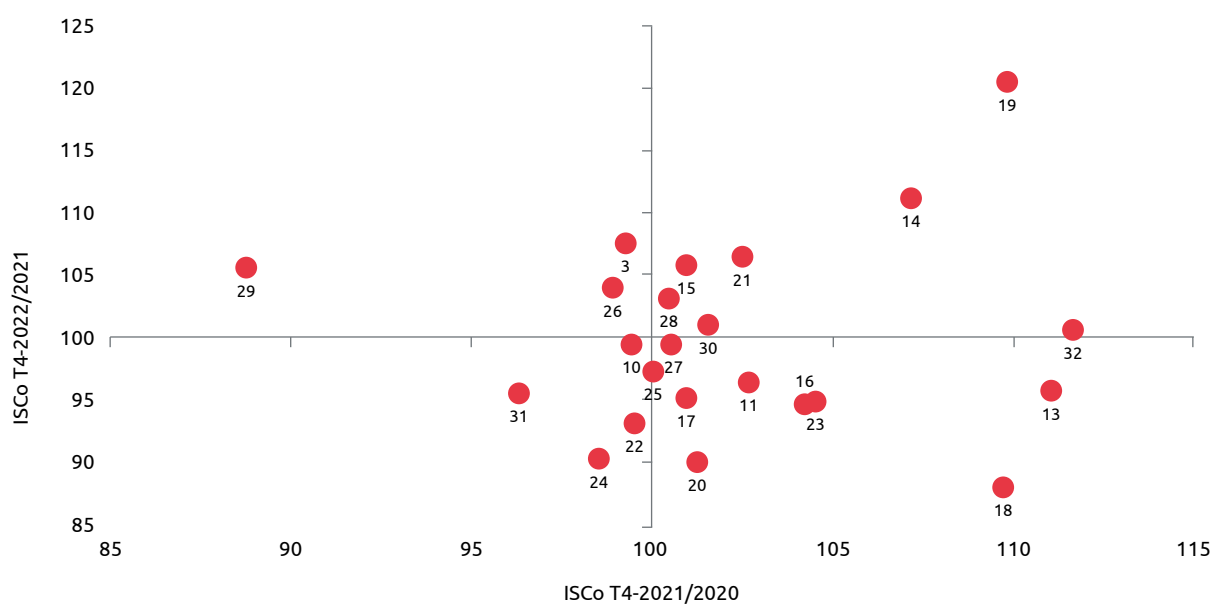
Le recenti dinamiche settoriali sono ben rappresentate dall'Indicatore sintetico di competitività (ISCo), una misura multidimensionale della performance di ciascun comparto in termini relativi rispetto a quella dell'intera industria manifatturiera.

L'indicatore consente di comparare i differenti comparti dell'industria manifatturiera, prendendo in considerazione tre dimensioni della competitività:

- la produzione industriale,
- il fatturato estero,
- il grado di utilizzo degli impianti.

Viene calcolato in termini di variazioni tendenziali trimestrali, fornendo quindi un immediato confronto con lo stesso periodo dell'anno precedente.

L'indicatore ISCo relativo al quarto trimestre 2022 e quarto trimestre 2021 (Figura 1), evidenzia come il settore dei prodotti in metallo, in cui opera la nostra società, ha registrato un minor aumento di competitività nel periodo indicato.

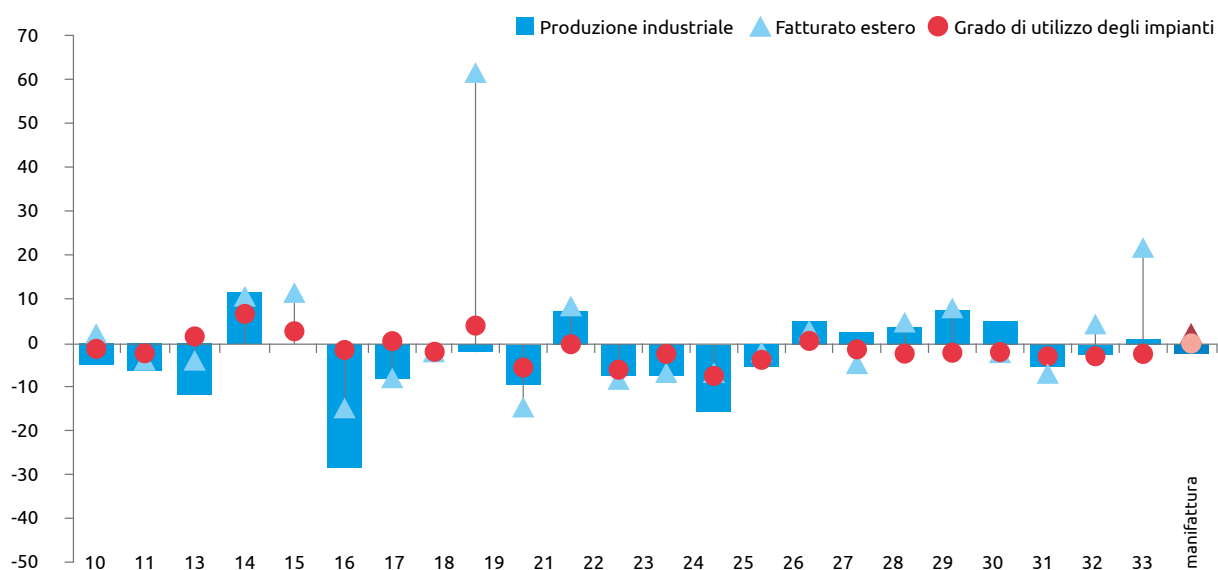


**Fig 1** Indicatore sintetico di competitività (ISCo) congiunturale per divisione di attività economica, settori manifatturieri. Quarto trimestre 2020-2022 (numeri indice, media manifattura = 100) (a)

Fonte: Elaborazioni su dati Istat

(a) 10=Alimentari; 11=Bevande; 13=Tessile; 14=Abbigliamento; 15=Pelle; 16=Legno; 17=Carta; 18=Stampa; 19=Coke e petroliferi; 20=Chimica; 21=Farmaceutica; 22=Gomma e plastica; 23=Minerali non metalliferi; 24=Metallurgia; 25=Prodotti in metallo; 26=Elettronica; 27=Apparecchiature elettriche; 28=Macchinari; 29=Autoveicoli; 30=Altri mezzi di trasporto; 31=Mobili; 32=Altre manifatture.

L'esame delle singole componenti dell'ISCo suggerisce che la performance relativa osservata nell'ultimo anno dipende in primo luogo dall'andamento della domanda interna (Figura 2): quasi tutti i settori che nel corso del 2022 hanno registrato risultati peggiori della media manifatturiera (quadranti III e IV della figura precedente) hanno subito riduzioni nella produzione e nel grado di utilizzo della capacità produttiva; è il caso, in particolare, delle attività di stampa, chimica, metallurgia e prodotti metallici.



**Fig 2 Componenti dell'indicatore sintetico di competitività (ISCo) congiunturale per divisione di attività economica, settori manifatturieri** (variazioni tendenziali T4-2022/T4-2021) (a)

Fonte: Elaborazioni su dati Istat

(a) 10=Alimentari; 11=Bevande; 13=Tessile; 14=Abbigliamento; 15=Pelle; 16=Legno; 17=Carta; 18=Stampa; 19=Coke e petroliferi; 20=Chimica; 21=Farmaceutica; 22=Gomma e plastica; 23=Minerali non metalliferi; 24=Metallurgia; 25=Prodotti in metallo; 26=Elettronica; 27=Apparecchiature elettriche; 28=Macchinari; 29=Autoveicoli; 30=Altri mezzi di trasporto; 31=Mobili; 32=Altre manifatture.

### Andamento della società

Considerato quanto esposto nel precedente paragrafo in merito all'andamento del settore di riferimento, la nostra società è riuscita a mantenere il proprio livello di fatturato invariato, grazie alla propria strategia aziendale improntata alla ricerca della sostenibilità e dell'innovazione che hanno consentito di ottenere un risultato economico positivo.

Infatti, il fatturato 2022 ammontante ad euro 11.208.649 è in linea con il fatturato dell'esercizio precedente (euro 11.271.597).

Tuttavia, a causa dei forti rincari del prezzo delle materie prime e dell'energia, il Margine operativo lordo nell'anno 2022 (pari ad euro 2.133.981) ha subito una riduzione del 24% rispetto all'esercizio precedente. La difficoltà di ribaltamento dell'aumento dei costi di produzione sui prezzi di vendita ha reso impossibile il recupero integrale dei maggiori costi, comportando una riduzione del risultato operativo.

La struttura del capitale investito evidenzia inoltre un buon equilibrio patrimoniale: il capitale circolante netto, dato dalla differenza tra l'attivo circolante e il passivo a breve, risulta infatti pari a euro 4.880.213 ed evidenzia un equilibrio tra impieghi a breve termine e debiti a breve termine. Gli impegni a breve termine sono dunque interamente coperti da denaro in cassa e da crediti a breve termine.

A garanzia di tale solvibilità viene in aiuto la bassissima percentuale di insolvenze e di ritardi nell'incasso dei crediti nei confronti dei clienti che si è storicamente manifestata nella nostra società.

La solida struttura patrimoniale consente alla società di proseguire il proprio piano di investimenti "Industria 4.0". Questo obiettivo, perseguito ormai da anni, ha rappresentato e rappresenta tutt'ora per la società la chiave per la crescita e lo sviluppo dell'intera realtà aziendale, efficace anche nei periodi di contrazione economica.

La società nel corso degli ultimi anni è infatti stata sempre caratterizzata da una buona struttura patrimoniale che le ha permesso di effettuare investimenti in beni strumentali 4.0 e in formazione del personale senza incidere nel suo livello di indebitamento.

## Analisi della redditività

- La tabella che segue propone il **Conto economico riclassificato** secondo il criterio della pertinenza gestionale ed evidenzia alcuni **margini e risultati intermedi di reddito**.

## Indici economici

- Nella tabella che segue si riepilogano alcuni dei principali indici economici utilizzati per misurare le prestazioni economiche:

	31-12-2022	31-12-2021
Ricavi delle vendite	11.208.649	11.271.597
Produzione interna	106.341	107.570
Altri ricavi e proventi	434.564	185.771
<b>Valore della produzione operativa</b>	<b>11.749.554</b>	<b>11.564.938</b>
Costi esterni operativi	(7.547.330)	(6.751.963)
<b>Valore aggiunto *</b>	<b>4.202.224</b>	<b>4.812.975</b>
Costi del personale	(1.971.220)	(1.939.817)
Oneri diversi di gestione tipici	(97.023)	(1.939.817)
<b>Costo della produzione operativa</b>	<b>(9.615.573)</b>	<b>(8.728.899)</b>
<b>Margine operativo lordo</b>	<b>2.133.981</b>	<b>2.836.039</b>
Ammortamenti e accantonamenti	(1.626.491)	(1.506.932)
<b>Margine operativo netto</b>	<b>507.490</b>	<b>1.329.107</b>
Risultato dell'area finanziaria	(33.332)	(29.747)
<b>Risultato corrente</b>	<b>474.158</b>	<b>1.299.360</b>
Rettifiche di valore di attività finanziarie	(0)	(0)
Componenti straordinari	(0)	(0)
<b>Risultato ante imposte</b>	<b>474.158</b>	<b>1.299.361</b>
Imposte sul reddito	(38.340)	(200.904)
<b>Risultato netto</b>	<b>435.818</b>	<b>1.098.456</b>

Descrizione indice	31-12-2022	31-12-2021
<b>ROE</b> - (Return on Equity)	4,39%	11,64%
<b>ROI</b> - (Return on Investment)	4,30%	11,57%
<b>ROA</b> - (Return on Assets)	3,10%	8,86%
<b>ROS</b> - (Return on Sales)	4,53%	11,79%

### Analisi patrimoniale-finanziaria

- Per verificare la capacità della società di far fronte ai propri impegni, è necessario esaminare la solidità e solvibilità finanziaria della stessa. A tal fine, è opportuno rileggere lo Stato Patrimoniale civilistico secondo una logica di tipo “finanziaria”. Di seguito viene riportato lo schema di Stato Patrimoniale riclassificato secondo criteri finanziari:

### Indicatori di solidità

L'analisi di solidità patrimoniale ha lo scopo di studiare la capacità della società di mantenere l'equilibrio finanziario nel medio-lungo termine.

Tale capacità dipende da:

- modalità di finanziamento degli impieghi a medio-lungo termine;
- composizione delle fonti di finanziamento.

Con riferimento al primo aspetto, considerando che il tempo di recupero degli impieghi deve essere correlato “logicamente” al tempo di recupero delle fonti, gli indicatori ritenuti utili ad evidenziare tale correlazione sono i seguenti:

- Il **Margine primario di struttura**, misurato come differenza tra il patrimonio netto e le immobilizzazioni, è l'indicatore di solidità patrimoniale che, in quanto positivo, indica che il capitale proprio, il quale non ha vincoli di scadenza, ha finanziato interamente le immobilizzazioni, caratterizzate da tempi di disinvestimento medio-lunghi.

Il **Margine secondario di struttura** è invece misurato dalla differenza tra il capitale permanente, costituito dal capitale proprio e dai debiti a medio-lunga scadenza, e le immobilizzazioni; è un indicatore della solidità patrimo-



**Stato patrimoniale finanziario**

Immobilizzazioni immateriali	773.270	Capitale sociale	1.000.000
Immobilizzazioni materiali	5.090.877	Riserve	8.926.328
Immobilizzazioni finanziarie	1.304.750		
<b>Attivo fisso</b>	<b>7.168.897</b>	<b>Mezzi propri</b>	<b>9.926.328</b>
Magazzino	912.984		
Liquidità differite	4.501.779		
Liquidità immediate	3.771.990		
<b>Attivo corrente</b>	<b>9.186.753</b>	<b>Passività consolidate</b>	<b>2.122.782</b>
		<b>Passività correnti</b>	<b>4.306.540</b>
<b>Capitale investito</b>	<b>16.355.650</b>	<b>Capitale di finanziamento</b>	<b>16.355.650</b>

**Descrizione indice**

	<b>31-12-2022</b>	<b>31-12-2021</b>
Margine primario di struttura	2.757.431	3.778.580
Quoziente primario di struttura	1,38	1,67
Margine secondario di struttura	4.880.213	5.830.132
Quoziente secondario di struttura	1,68	2,03

niale che rivela se il capitale permanente abbia finanziato interamente le immobilizzazioni; nel nostro caso è largamente positivo in quanto le immobilizzazioni sono già interamente finanziate dal sopracitato margine primario. I quozienti rappresentano invece il rapporto tra le stesse grandezze di cui sopra e comunicano quante volte il patrimonio netto ed il capitale permanente siano in grado di coprire gli investimenti effettuati in immobilizzazioni. Con riferimento alla composizione delle fonti di finanziamento, gli indicatori utili sono i seguenti:

### **Indicatori di solvibilità (o liquidità)**

Scopo dell'analisi di liquidità è quello di studiare la capacità della società di mantenere l'equilibrio finanziario nel breve, cioè di fronteggiare le uscite attese nel breve termine (passività correnti) con la liquidità esistente (liquidità immediate) e le entrate attese per il breve periodo (liquidità differite).

Considerando che il tempo di recupero degli impieghi deve essere correlato "logicamente" al tempo di recupero delle fonti, gli indicatori ritenuti utili ad evidenziare tale correlazione sono i seguenti:

Il Quoziente di disponibilità, o indice di liquidità secondaria, corrisponde al rapporto tra Attivo corrente e Passività correnti. Questo indice consente di valutare quanto le risorse liquide e quelle prontamente liquidabili permettano di fronteggiare gli impegni assunti a breve termine dall'azienda. Il valore pari a 2,13 attesta che il valore assunto dal capitale circolante netto è soddisfacente in relazione all'ammontare dei debiti correnti.

La differenza in valore assoluto tra numeratore e denominatore consente di calcolare il margine di disponibilità (cosiddetto capitale circolante netto). Il Quoziente di tesoreria, o indice di liquidità primaria, corrisponde al rapporto tra le Liquidità differite e Liquidità immediate rispetto alle Passività correnti. Tale indice misura l'attitudine dell'azienda a soddisfare gli impegni di breve periodo attraverso le risorse già liquide o liquidabili. Il valore pari a 1,92 indica un'ottima condizione finanziaria della società.

<b>Descrizione indice</b>	<b>31-12-2022</b>	<b>31-12-2021</b>
Quoziente di indebitamento complessivo	0,65	0,59
Quoziente di indebitamento finanziario	0,29	0,22

<b>Descrizione indice</b>	<b>31-12-2022</b>	<b>31-12-2021</b>
Margine di disponibilità	4.880.213	5.830.132
Quoziente di disponibilità	2,13	2,66
Margine di tesoreria	3.967.229	4.998.647
Quoziente di tesoreria	1,92	2,42

### Informazioni attinenti all'ambiente e al personale

Tenuto conto del ruolo sociale dell'impresa come evidenziato anche dal documento sulla relazione sulla gestione del Consiglio Nazionale dei Dottori commercialisti e degli esperti contabili, si ritiene opportuno fornire le seguenti informazioni attinenti all'ambiente e al personale.

#### Personale

Nel corso dell'esercizio non si sono verificati infortuni gravi sul lavoro che hanno comportato lesioni gravi o gravissime al personale iscritto al libro. Nel corso dell'esercizio non si sono registrati addebiti in ordine a malattie professionali su dipendenti o ex dipendenti e cause di mobbing, per cui la società è stata dichiarata definitivamente responsabile.

#### Ambiente

Nel corso dell'esercizio non si sono verificati danni causati all'ambiente. Nel corso dell'esercizio alla nostra società non sono state inflitte sanzioni o pene definitive per reati o danni ambientali.

### Risultato dell'esercizio

Per quanto riguarda la destinazione dell'utile di esercizio, gli amministratori ritengono di formulare una proposta basata sui seguenti punti:

- accantonamento dell'intero utile di esercizio a riserva straordinaria.

Sulla scorta delle indicazioni che sono state fornite, Vi invitiamo ad approvare il bilancio chiuso al 31/12/2022 e la proposta di destinazione dell'utile sopra indicata.

Jesi, 31 marzo 2023

Il Presidente del Consiglio di Amministrazione  
Paradisi Tiziana

L'Amministratore Delegato  
Paradisi Gaia

Il Consigliere  
Dominici Tonino



6.6

# Relazione del revisore indipendente

Redatta ai sensi dell'art. 14 D.Lgs. n. 39/2010

All'Assemblea dei soci della società PARADISI S.R.L., con sede in 60035 JESI AN, assegnataria del numero di iscrizione al registro imprese di 00948710421 e codice fiscale 00948710421.

## Giudizio

Ho svolto la revisione legale dell'allegato bilancio d'esercizio della società PARADISI SRL chiuso al 31/12/2022, costituito dallo Stato patrimoniale, dal Conto economico, dal Rendiconto finanziario per l'esercizio chiuso a tale data e dalla Nota integrativa.

A mio giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della società PARADISI SRL al 31/12/2022, del risultato economico e dei flussi di disponibilità liquide per l'esercizio chiuso a tale data, in conformità alle norme italiane che ne disciplinano i criteri di redazione.

## Elementi alla base del giudizio

Ho svolto la revisione legale in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11 del D.Lgs n. 39/2010. Le mie responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità del revisore per la revisione legale del bilancio d'esercizio* della presente relazione.

Sono indipendente rispetto alla società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio.

Ritengo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il mio giudizio.

### **Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio**

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della società di continuare a operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per un'adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della società.

### **Responsabilità del revisore per la revisione legale del bilancio d'esercizio**

I miei obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali ISA Italia individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali ISA Italia, ho esercitato il giudizio professionale e ho mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- ho identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; ho definito e svolto procedure di revisione in risposta a tali rischi; ho acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- ho acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della società;
- ho valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa
- sono giunto ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, sono tenuto a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;



- ho valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- ho comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile;
- ho preso atto del contenuto della Relazione sul Beneficio Comune 2022 redatta dalla società in osservanza degli obblighi di cui alla L. della L. n. 208/2015 art. 1, comma 382, in quanto Società Benefit.

### **Relazione su altre disposizioni di legge e regolamentari**

#### **Giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio ai sensi dell'art. 14 c. 2 let. e) D. Lgs. 39/2010**

Gli amministratori della società PARADISI SRL sono responsabili per la predisposizione della relazione sulla gestione della PARADISI SRL al 31/12/2022, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Ho svolto le procedure indicate nel principio di revisione (SA Italia) n.720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione, con il bilancio d'esercizio al 31/12/2022 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

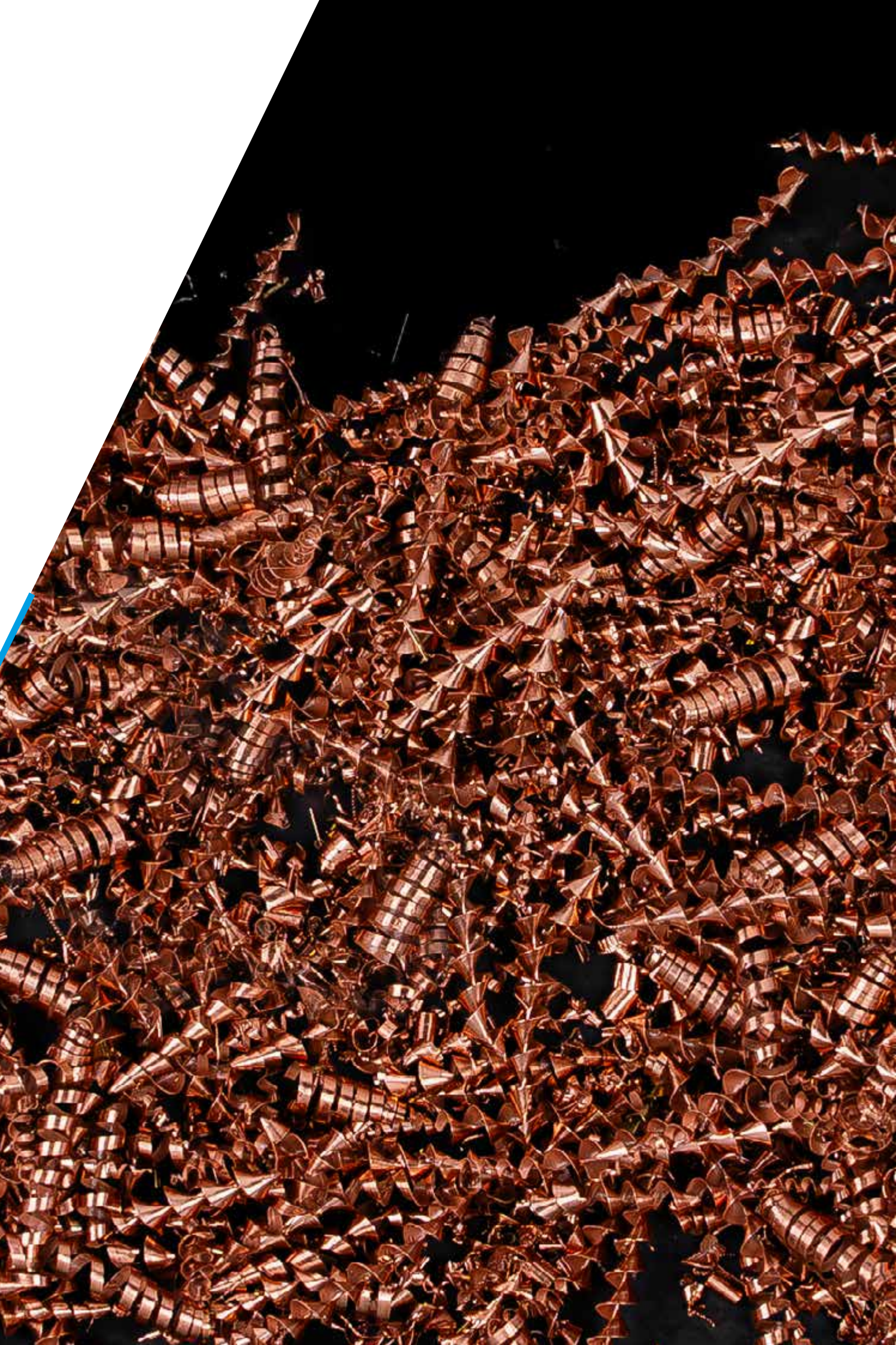
A mio giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della società PARADISI SRL al 31/12/2022 ed è redatta in conformità alle norme di legge. Con riferimento alla dichiarazione di cui all'art. 14, comma 2, lett. e), del D. Lgs. 39/2010, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non ho alcunché da riportare.

Jesi, 17 aprile 2023

Il Revisore legale Dott.ssa Erika Falconetti

# 7 RELAZIONE SUL BENEFICIO COMUNE

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*“La società ha l’obiettivo di **conseguire e mantenere l’“equilibrio dinamico”** che permette una congrua remunerazione degli stakeholders e dei soci, favorendo **il miglioramento continuo e lo sviluppo sostenibile del territorio.**”*

*In qualità di società Benefit, la società intende perseguire, oltre al profitto, finalità di beneficio comune ed operare in modo responsabile, sostenibile e trasparente nei confronti di persone, comunità, territori e ambiente, beni ed attività culturali e sociali, enti e associazioni ed altri portatori d’interesse. (...) Nello svolgimento della propria attività, la società persegue specifiche finalità di beneficio comune che favoriscono la **diffusione della cultura d’impresa, responsabile e sostenibile, per agevolare una crescita, economica e sociale, di tutto il territorio e della comunità.** In particolare: la cura e la motivazione del personale con il riconoscimento di premi e formazione; l’uso prevalente, nell’attività produttiva, di energie rinnovabili; la promozione della formazione sui temi della sostenibilità, anche con partnership con istituzioni scolastiche, pubbliche e private; la promozione della formazione tecnica, anche con partnership con istituzioni scolastiche, pubbliche e private; l’investimento in innovazione tecnologica con l’acquisizione di strumentazioni tecniche e con la formazione di personale e collaboratori; il sostegno all’imprenditoria locale, anche selezionando, se possibile, fornitori strategici del territorio di riferimento che rispettino principi di sostenibilità. La diffusione della cultura d’impresa (responsabile, sostenibile e trasparente) potrà avvenire anche in collaborazione con altre aziende pubbliche o private, professionisti, enti ed istituzioni nonché con l’organizzazione di seminari, incontri, eventi in genere e la pubblicazione e la diffusione di materiale informativo.”*

(art. 3 - Statuto Paradisi srl - assemblea dei soci del 27 settembre 2016)

## Misurazione delle performance e Standard di valutazione internazionale

Anche per l'anno 2021 la Paradisi Srl presenta il proprio Report Integrato con l'obiettivo di coniugare la volontà di raccontare le attività svolte nell'anno che abbiano contribuito a distribuire valore nel territorio con l'obbligo di predisporre la relazione sul beneficio comune, richiesta dall'art. 1, commi da 376 a 382, L. n. 208/2015.

Tale normativa prevede infatti che le società Benefit siano tenute a redigere annualmente una relazione concernente il perseguimento del beneficio comune.

Essere società Benefit significa infatti svolgere la propria attività economica perseguendo, oltre al profitto economico, una o più finalità di "beneficio comune" operando in modo responsabile, sostenibile e trasparente nei confronti di persone, comunità, territori e ambiente, beni e attività culturali e sociali, enti e associazioni o "altri portatori di interesse".

In tal senso, per ciascuna area di valutazione prevista dalla normativa (governo dell'impresa, lavoratori, ambiente e "altri portatori di interesse", che per la società consistono in clienti e fornitori e comunità locali), il report integrato contiene:

- una descrizione degli obiettivi, delle modalità e delle azioni attuate dalla società per il perseguimento del beneficio comune;
- una valutazione dell'impatto generato;
- una sezione dedicata alla descrizione di nuovi obiettivi.

Già a partire dal 2020 la società ha deciso di redigere il Report integrato secondo i criteri "ESG", in quanto la strategia aziendale, fondata su un forte senso di responsabilità sociale, incarna perfettamente gli obiettivi "ESG" (Environment, Social and Governance). Tale acronimo, che negli ultimi anni si è pienamente affermato in ambito finanziario, identifica specifici criteri utili a determinare l'impatto ambientale, sociale e di governance delle imprese. Gli obiettivi riportati nelle aree di valutazione previste dalla normativa "Benefit", come sopra descritte, sono infatti in linea con i criteri "ESG", dal momento che la società si è prefissata obiettivi di breve e lungo periodo nei confronti dell'ambiente (Environmental), dei propri dipendenti, di clienti, fornitori e delle comunità locali (Social), e in ambito gestionale (Governance).

La misurazione degli impatti generati dalla propria attività, in accordo con l'art. 1 co. 382 lett. B L. 208/2015, deve avvenire sulla base di uno standard di valutazione esterno. La società ha quindi scelto quale standard di riferimento i GRI Standards del Global Reporting Initiative (GRI), elaborati dal GSSB (Global Sustainability Standards Board), riconosciuti a livello internazionale quale strumento ottimale per la rendicontazione degli impatti economici, sociali ed ambientali derivanti dall'attività d'impresa.

L'obiettivo della rendicontazione di sostenibilità attraverso il GRI Sustainability Reporting Standards (GRI Standards) è quella di garantire chiarezza e trasparenza sulla misurazione e sulla comunicazione dei processi attraverso cui un'organizzazione contribuisce o mira a contribuire allo sviluppo sostenibile. I GRI Standards consentono alle imprese di divulgare gli impatti delle azioni intraprese sull'economia, sull'ambiente e sulle persone. Inoltre, l'utilizzo di standard ampiamente utilizzati a livello globale per la misurazione del livello di sostenibilità, consente di avere un adeguato livello di comparabilità con le informazioni condivise da differenti realtà aziendali sulla base dei medesimi standard. L'impresa può quindi far apprezzare in maniera chiara a livello globale le informazioni riportate nel proprio Report, facilitando i soggetti esterni nell'effettuazione di valutazioni sull'azienda.

In ragione di quanto sopra la società ha deciso di adottare i GRI Standards, secondo un approccio "Core", misurando e comunicando il proprio impegno verso gli obiettivi di sostenibilità attraverso la selezione di temi ed indicatori ritenuti "materiali" tra quelli proposti dal "GRI".

I GRI Standards, nell'ultima versione pubblicata nell'ottobre del 2021, sono strutturati in tre serie tematiche che coprono rispettivamente l'ambito dell'economia (GRI 200), dell'ambiente (GRI 300) e quello del sociale (GRI 400). Oltre ai tre principali gruppi tematici, ai fini di tale Report sono fornite informazioni in merito all'organizzazione che la società ritiene utile fornire in accordo con il GRI 2 e le informazioni relative all'individuazione dei temi materiali per l'azienda e per i propri Stakeholder (GRI 3).

In ciascun paragrafo viene riportato il numero del GRI relativo alla tematica trattata e ritenuta rilevante per la società.





7.1

GRI 3

ESG

La strategia aziendale della Paradisi, fondata su un forte senso di responsabilità sociale, incarna perfettamente gli obiettivi ESG (Environment, Social and Governance). Tale acronimo identifica specifici criteri utili a determinare l'impatto ambientale (E), sociale (S) e di governance delle imprese (G).

Paradisi, in quanto società Benefit è tenuta a prefissarsi nuovi obiettivi per il perseguimento del beneficio comune che la società intende raggiungere nell'esercizio successivo in relazione a persone, comunità, territori e ambiente e altri portatori di interesse.

Gli obiettivi che la Paradisi si pone, coincidono con gli obiettivi dettati dal modello ESG. I driver di questo modello consentono alle aziende di rendicontare tutte quelle informazioni non finanziarie essenziali per descrivere e monitorare la strategia e i relativi effetti sull'azienda e sull'ambiente circostante. L'obiettivo dei criteri ESG è quello di portare alla creazione di un ecosistema virtuoso in cui il profitto diventa uno strumento per ricercare un equilibrio dinamico di lungo periodo.

**/ Environmental** Tale dimensione consente all'impresa di misurare il proprio impegno verso le sfide ambientali. Paradisi intende impegnarsi in un'ottica di lungo periodo per ridurre al massimo l'impatto della propria attività sull'ambiente circostante.

**/ Social** La dimensione sociale consente all'impresa di misurare l'impatto delle proprie iniziative verso la collettività. Paradisi è consapevole che l'azienda è un istituto che si fonda e si sviluppa sulle relazioni e sulle connessioni che essa è in grado di creare e coltivare.

Per Paradisi, le relazioni fondamentali per la crescita aziendale riguardano in particolare i propri collaboratori, i clienti, i fornitori e le comunità locali.

**/ Governance** Questa rappresenta per gli osservatori esterni un elemento fondamentale per comprendere a fondo l'identità aziendale, la vision e la mission, elementi necessari per il processo di creazione di valore di lungo periodo.



Environmental

Social

**EQUILIBRIO  
DINAMICO**

Governance

7.2

environmental

GRI 302

GRI 305

GRI 306

*“Nello svolgimento della propria attività, la società persegue specifiche finalità di beneficio comune che favoriscono la diffusione della cultura d’impresa, responsabile e sostenibile, per agevolare una crescita, economica e sociale, di tutto il territorio e della comunità tramite l’uso prevalente, nell’attività produttiva, di energie rinnovabili.”*

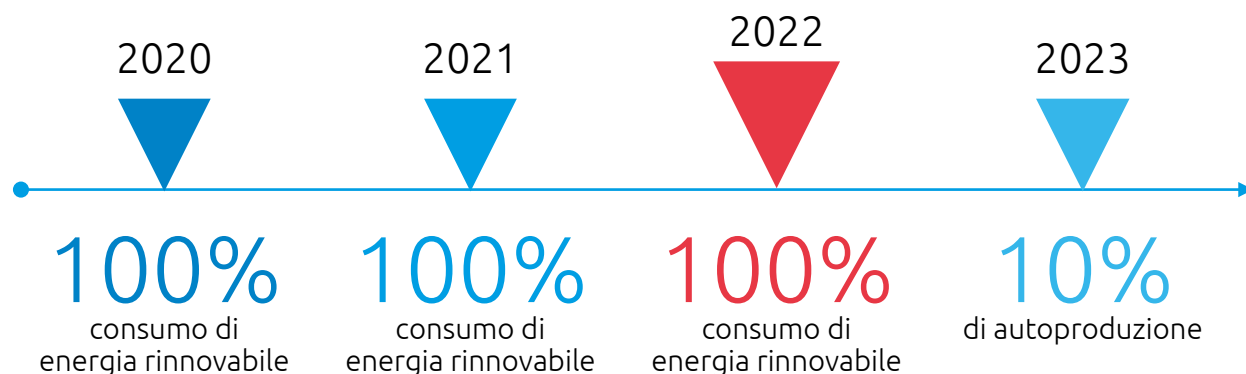
*(Cfr. Statuto Paradisi Srl - Oggetto Sociale art.3)*

**La Paradisi S.r.l. si impegna costantemente nell’identificare e controllare l’impatto ambientale della propria attività, andando oltre i requisiti richiesti dalle norme, al fine di prevenire e gestire situazioni di inquinamento, monitorando e migliorando continuamente le metodologie per il risparmio energetico e per il riciclaggio.**

*(cfr. Codice Etico Paradisi S.r.l.)*

## % Consumo di energia rinnovabile

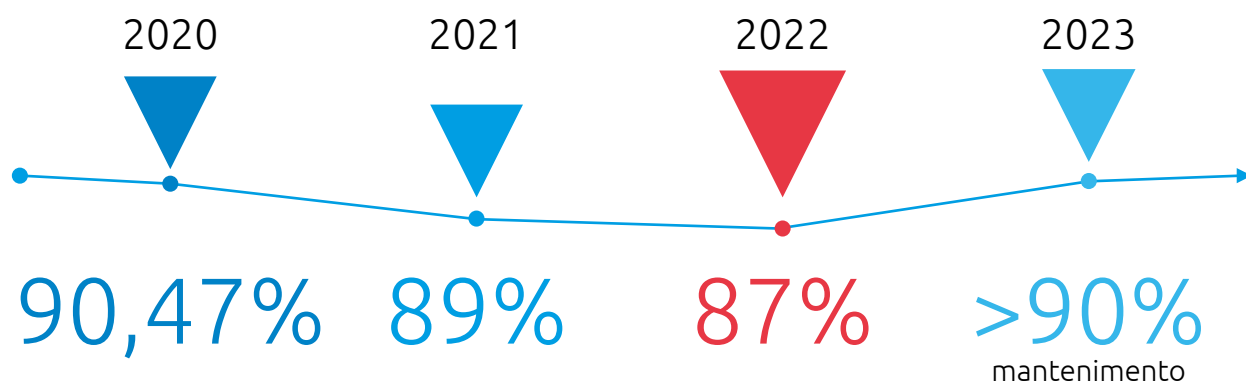
Situazione attuale: % consumo di energia rinnovabile 100%



## % Rifiuti recuperati/rifiuti prodotti

Situazione attuale: % rifiuti recuperati su tot. rifiuti prodotti 87%

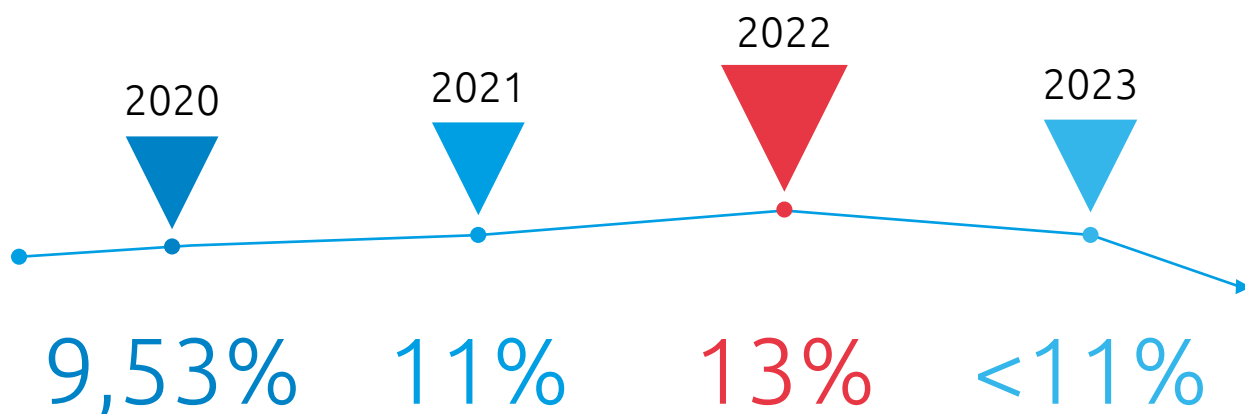
Il dato è peggiorato in quanto è variata la composizione dei prodotti realizzati: sono stati introdotti molti nuovi prodotti realizzati in materiale plastico che hanno aumentato la quantità di rifiuti prodotti non recuperabili (nuovo rifiuto pericoloso: truciolo di plastica).



## % Rifiuti pericolosi/totale rifiuti prodotti

Situazione attuale: % rifiuti pericolosi su tot. rifiuti prodotti 13%

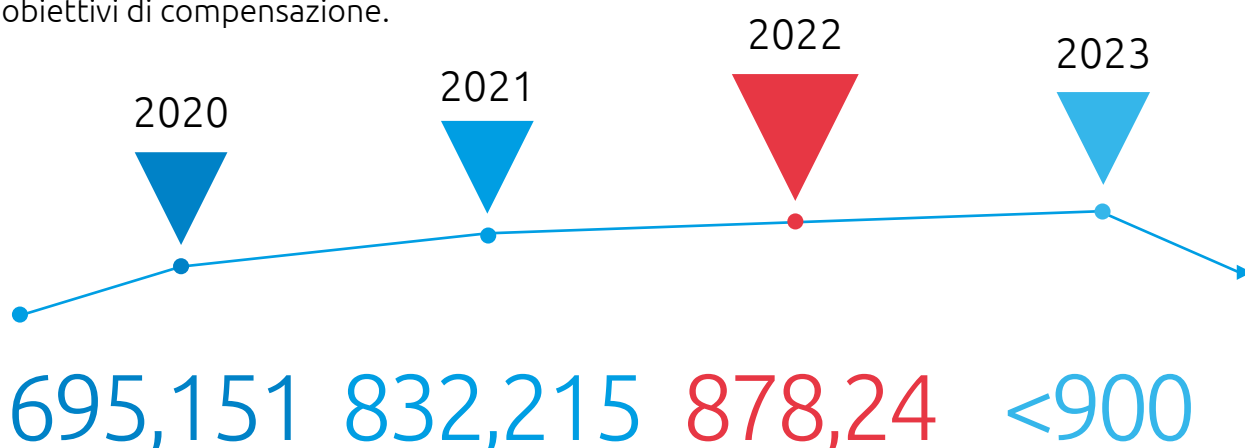
Nell'ultimo anno sono stati inseriti nella gamma produttiva diversi particolari in materiale plastico. Lo scarto di lavorazione di questi componenti è considerato un rifiuto pericoloso (truciolo di plastica).



## Ton CO<sub>2</sub> equivalente

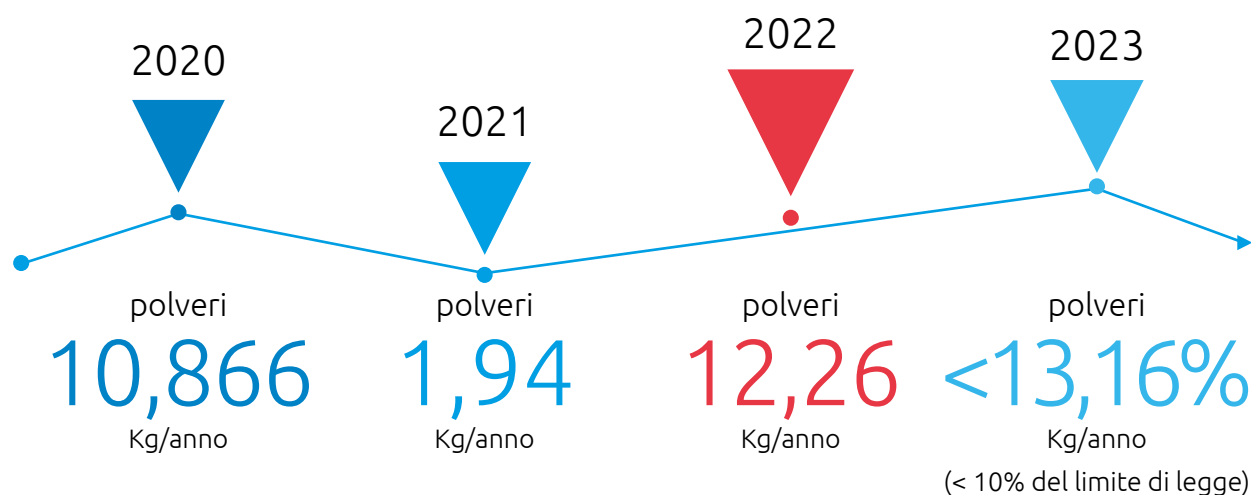
Situazione attuale: 878,24 ton emesse

Nel piano strategico 2021-2023 l'azienda ha previsto l'inserimento di nuovi macchinari che comporteranno inevitabilmente un aumento delle emissioni di CO<sub>2</sub> in atmosfera come mostra l'andamento dei risultati. L'obiettivo per il 2023 è comunque quello di tenere sotto controllo tale valore e di ridurre quanto più possibile l'impatto dandosi obiettivi di compensazione.



## Emissioni in atmosfera

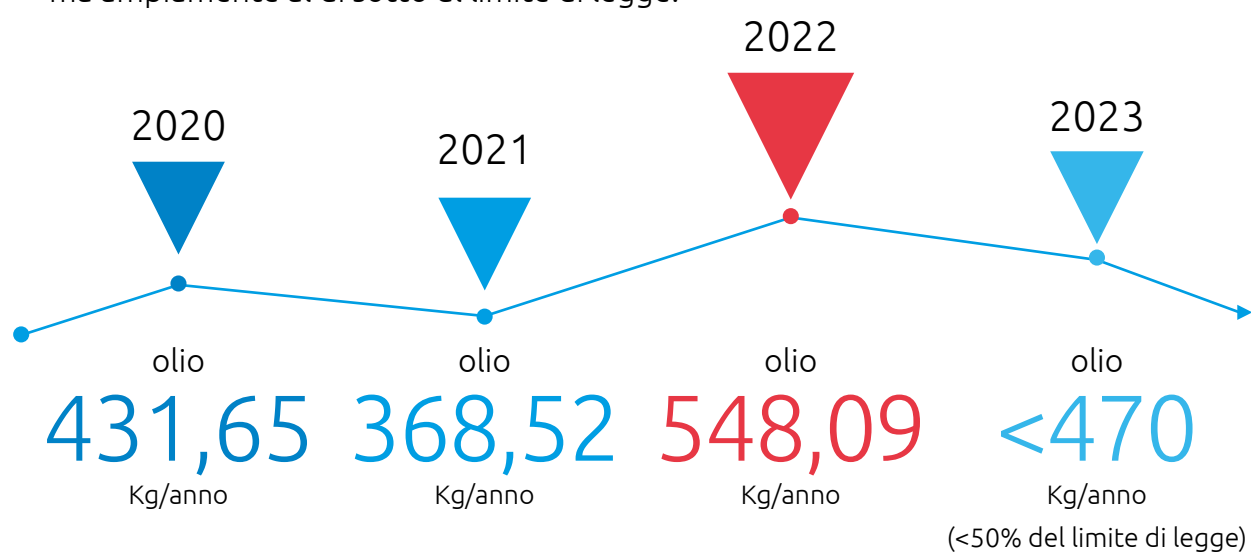
Polveri emesse dal camino E2 <10% limiti di legge (131,6 Kg/anno).  
 Situazione attuale 12,26 Kg/anno.



Olii emessi E3, E4, E5, E6 < 50% limite di legge (940 Kg/anno)

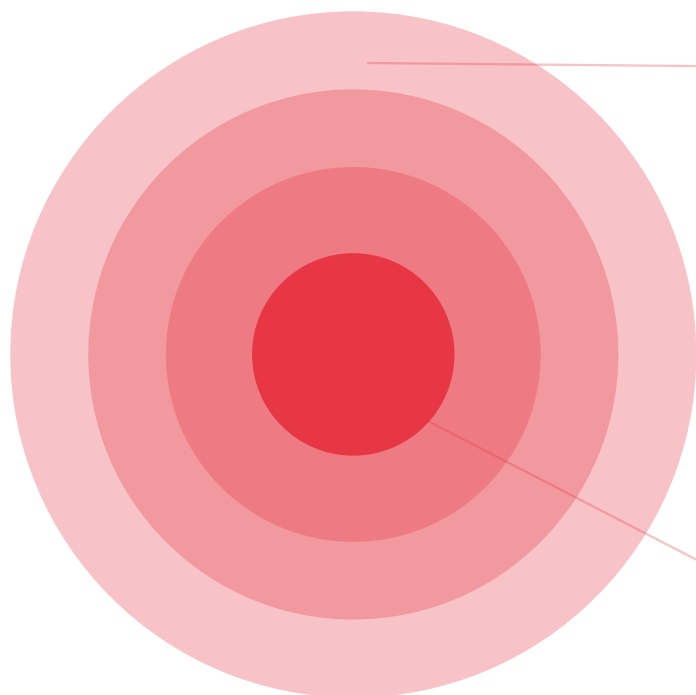
Nel 2022 stima emissione 548,09 Kg/anno.

Il valore è maggiore rispetto a quello dello scorso anno e dell'obiettivo prefissato ma ampiamente al di sotto dl limite di legge.



## Obiettivi 2022 raggiunti e azioni intraprese

GRI 3-3



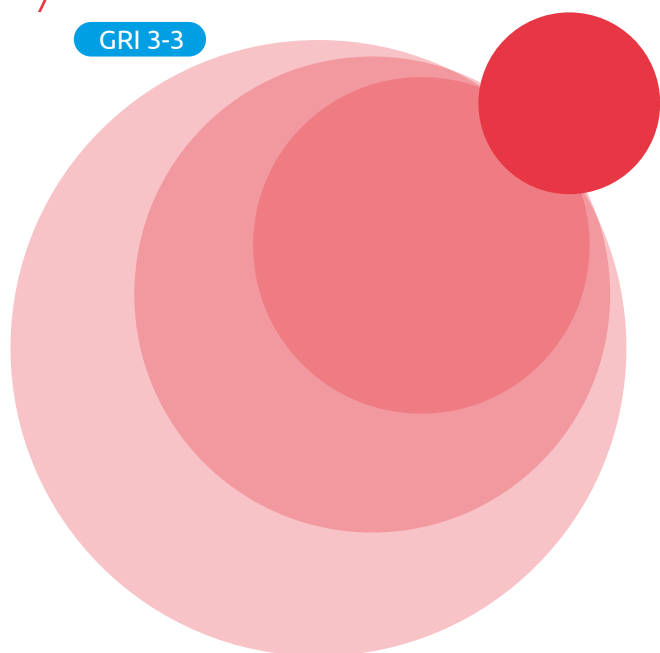
### Riduzione del consumo di energia per l'illuminazione >40%

Parzialmente raggiunto, stiamo procedendo alla graduale sostituzione dei neon con i led ma non abbiamo completato un altro reparto.

Impedimento: allungamento dei tempi di implementazione del partner scelto.

## Obiettivi 2022 non raggiunti e impedimenti

GRI 3-3



### Compensazione di CO<sub>2</sub> Compensare lo 0,4% del valore delle emissioni

(3,32 Ton di CO<sub>2</sub> del valore delle emissioni 2021: 832,215 Ton CO<sub>2</sub>)

L'obiettivo non è stato raggiunto.

#### Impedimenti

È stato scelto un progetto più ampio in collaborazione col Comune di Jesi che sarà portato a termine nel 2024 cumulando gli obiettivi 2022-2023.

# Obiettivi 2023

GRI 3-3

## Riduzione del consumo di energia per l'illuminazione > 40% in un altro reparto aziendale

Completamento dell'obiettivo di riduzione del consumo di energia per l'illuminazione >40% in un altro reparto replicando quanto fatto nel 2021.

## Compensazione di CO<sub>2</sub>

Proseguire con il progetto in collaborazione con il Comune di Jesi per completarlo nel 2024 con l'obiettivo di compensare circa 4 ton di CO<sub>2</sub>

## Emissioni mezzi

Ridurre del 25% le emissioni dei mezzi che l'azienda utilizza per il trasporto merci.

# 7.3 / S social

*In qualità di società benefit, la società intende perseguire, oltre al profitto, finalità di beneficio comune ed operare in modo responsabile, sostenibile e trasparente nei confronti di persone, comunità, territori ed ambiente beni ed attività culturali e sociali, enti e associazioni ed altri portatori d'interesse.*

*(Cfr. Statuto Paradisi Srl - Oggetto Sociale art.3)*

**“La motivazione e la professionalità dei dipendenti sono un fattore essenziale per il mantenimento della competitività, la creazione di valore per gli stakeholder e la soddisfazione del cliente.”**

*(Cfr. Codice Etico Paradisi S.r.l.)*



# Ambiente di lavoro e collaboratori

GRI 401

GRI 404

GRI 2-6

GRI 2-7

*Nello svolgimento della propria attività, la società persegue specifiche finalità di beneficio comune che favoriscono la diffusione della cultura d'impresa, responsabile e sostenibile, per agevolare una crescita, economica e sociale, di tutto il territorio e della comunità. In particolare la cura e la motivazione del personale con il riconoscimento di premi e formazione.*

*(Cfr. Statuto Paradisi Srl - Oggetto Sociale art. 3)*

**“Nei confronti di dipendenti, colleghi e collaboratori l'Azienda è tenuta a comportarsi in modo equo nei rapporti reciproci e ad applicare una politica di impegno fondata sull'eguaglianza di opportunità (di formazione, mobilità o promozione interna) per tutti i dipendenti, sul dialogo, sull'ascolto delle eventuali esigenze e necessità di ognuno al fine di creare un ambiente di lavoro piacevole e motivante, basato su fiducia e rispetto reciproci, un'atmosfera in cui si incoraggi lo scambio di opinioni franco e leale e favorire, quindi, il perseguimento del benessere personale.”**

*(Cfr. Codice Etico Paradisi S.r.l.)*

## Contributo al nido

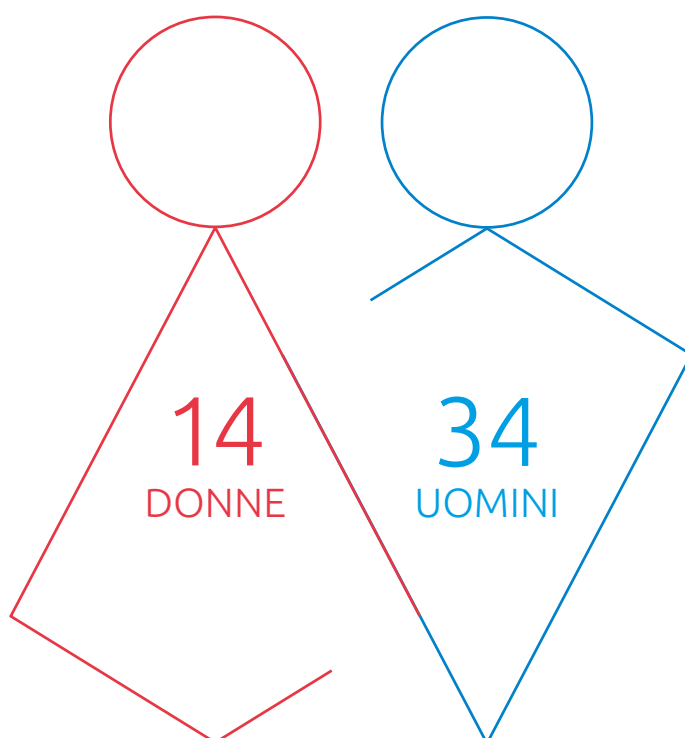
La Paradisi, da sempre attenta alle esigenze dei propri collaboratori, rivolge un aiuto concreto alle loro famiglie selezionando le strutture con maggiori servizi e contribuendo alla retta del nido.

## Premio integrativo di secondo livello

La società ha sottoscritto un contratto aziendale con il quale premia il personale al raggiungimento di obiettivi, ciò consente di coinvolgere maggiormente i collaboratori nell'ottenimento dei risultati sperati in termini di produzione, efficienza ed economicità.

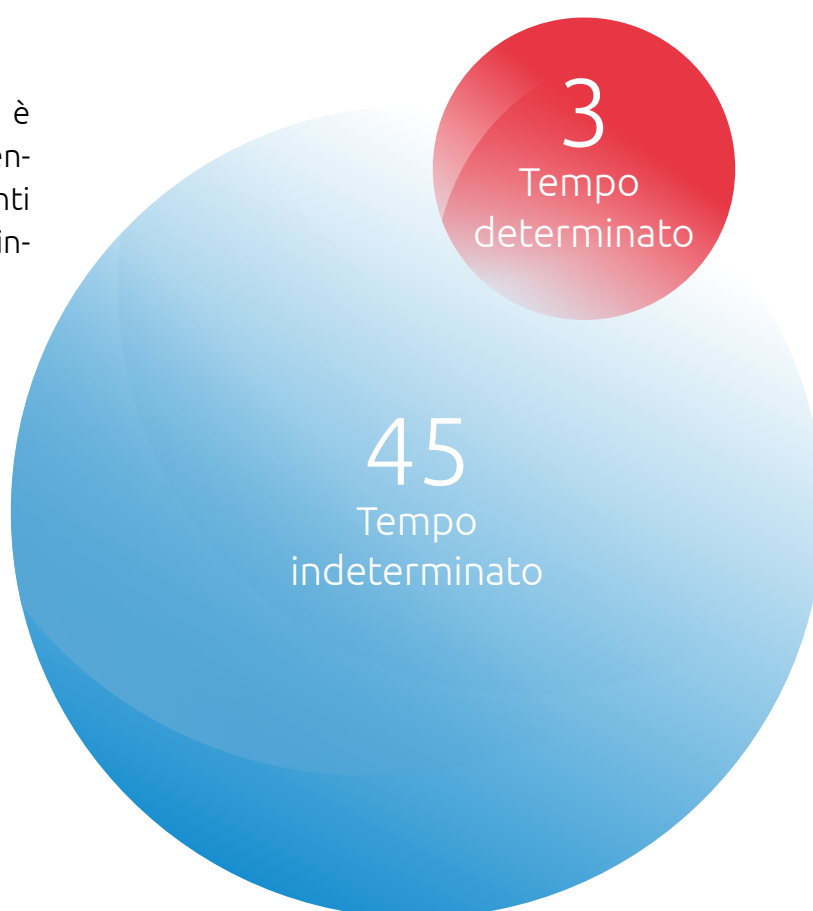
## Equità di genere

La Paradisi, pur operando in un settore storicamente presidiato da uomini, cresce mantenendo un buon equilibrio di genere del personale coinvolto nel sistema produttivo.



## Composizione del personale per tipologia di contratto

Il personale dipendente è composto da 47 dipendenti di cui il 90% circa assunti con contratto a tempo indeterminato.

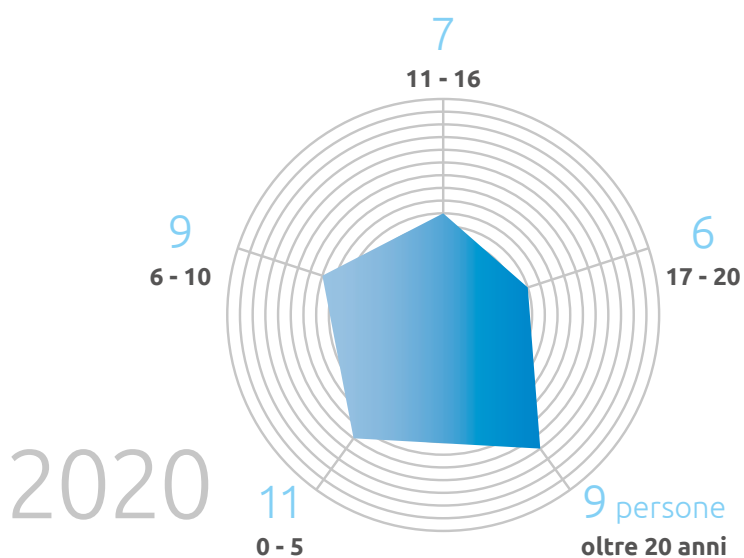
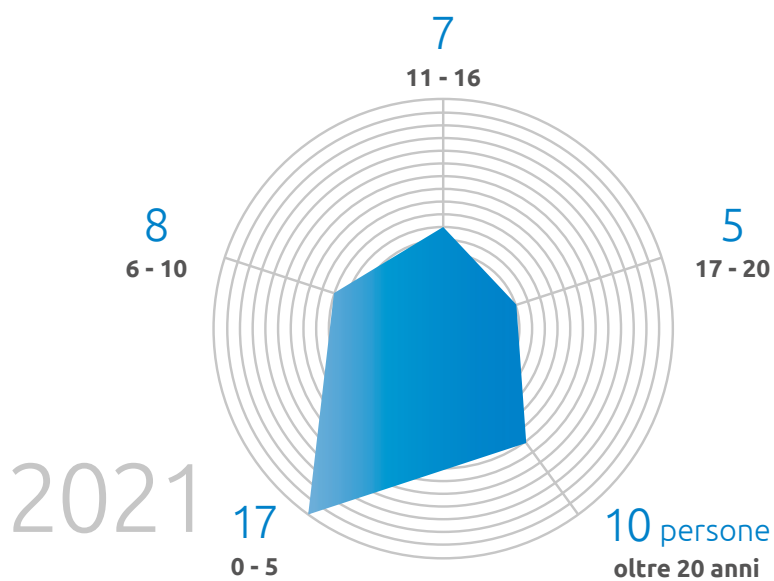
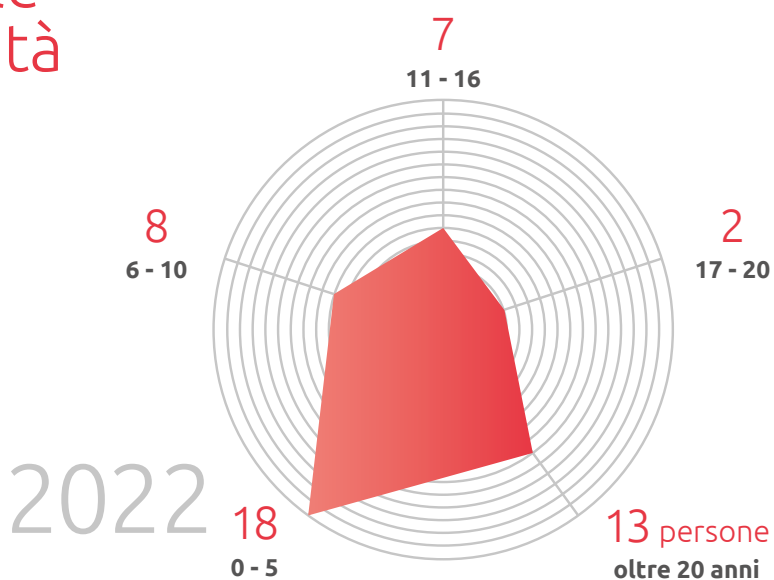


## Composizione del personale per classi di età lavorativa

La società investe moltissimo nelle persone e nella loro crescita professionale e motivazionale.

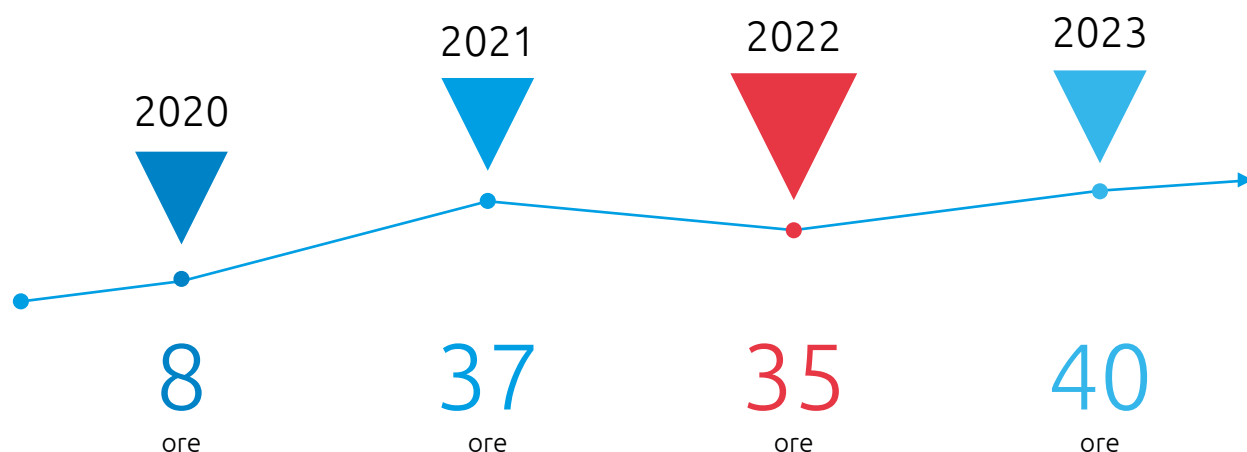
Questo fa sì che i collaboratori procedano nel loro percorso lavorativo rimanendo in azienda.

I dati confermano che la maggior parte dei lavoratori ha un'età lavorativa superiore ai 10 anni.



## Ore di formazione media

Situazione attuale: 35 ore in media per collaboratore.



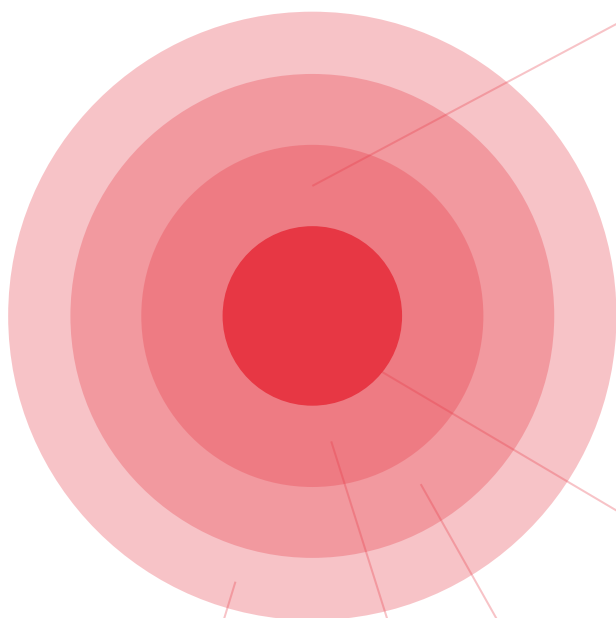
Durante l'anno, alla formazione tecnica del personale è stata aggiunta una formazione "non tecnica" ma di cultura generale grazie al progetto "Venerdì in Paradisi".

Le ore di formazione non tecnica per collaboratori sono state 6.

Per aumentare la consapevolezza dei collaboratori sulle tematiche legate all'ambiente ed alla salute e sicurezza sul posto di lavoro sono stati coinvolti in corsi di formazione specifica.

## Obiettivi 2022 raggiunti e azioni intraprese

GRI 3-3



### Formazione dei collaboratori

• **Salute e sicurezza:** obiettivo 12 ore per dipendente.

Raggiunto parzialmente, le ore medie sono state 6: è stato rinviato, per motivi del partner scelto ed organizzativi interni, un progetto di formazione alternativo sulla sicurezza che porteremo a termine nel 2023.

• **Formazione:** obiettivo 25 ore a dipendente superato con 29 ore di formazione, più 6 ore di formazione non tecnica, per un totale di 35 ore medie.

• **Sostituzione macchinario** con nuova tecnologia più efficiente ad elevato standard di sicurezza: un nuovo impianto di trattamento truciolo.

### Premio integrativo

La società continua a premiare i propri collaboratori al raggiungimento degli obiettivi coinvolgendoli attivamente nell'ottenimento dei risultati in termini di produzione ed efficienza.

### Sostegno alle famiglie dei collaboratori

La Paradisi ha dato il proprio sostegno ai collaboratori ed alle loro famiglie contribuendo al pagamento del **50% della spesa per i centri estivi dei loro figli**.

Inoltre è stato erogato un **contributo bollette**, un supporto concreto per poter affrontare con maggior serenità gli aumenti esponenziali del costo dell'energia degli ultimi mesi.

### Corsi non tecnici per il benessere e cultura della persona

"I venerdì in Paradisi":

- **Il linguaggio del corpo è il linguaggio delle emozioni** con Even Mattioli
- **Jesi e i suoi tesori**, storia, arte, musica e aperitivo con Posti e Pasti
- **Sommelier per una sera** Mini corso di degustazione vini in abbinamento con i piatti con Luca Giaccaglia
- **Vivere in equilibrio dinamico** Strumenti e tecniche per il benessere e la crescita personale con Roberto Romagnoli

### Contributo del nido

La Paradisi ha continuato a contribuire al pagamento della maggior parte della retta del nido ai figli dei propri collaboratori.

# Obiettivi 2023

GRI 3-3

## Continuazione sostegno alle famiglie dei collaboratori

anche nei mesi estivi per la gestione dei figli

### Continuazione corsi non tecnici

per il benessere e cultura della persona

### Mantenimento contributo al nido

### Mantenimento del premio integrativo

### Salute e sicurezza

Portare a termine il progetto sulla sicurezza in azienda del 2022 "Play sicurezza"

### Formazione dei collaboratori

40 ore per collaboratore

### Campagna di sensibilizzazione per la prevenzione della salute dei collaboratori

# Clienti

GRI 416

*La società ha per oggetto la produzione di componentistica tornita di precisione.*

*(Statuto Paradisi Srl)*

**“Il cliente è al vertice dei valori della Paradisi, è il fine ultimo di tutto il lavoro aziendale. La crescita professionale, lo sviluppo tecnologico volto al raggiungimento della massima precisione, l’attenzione alla qualità, al dettaglio, tutto è fatto con lo scopo di soddisfare le necessità del cliente.”**

*(Codice Etico - Paradisi S.r.l.)*

**Nessun contenzioso  
in essere con i propri clienti**



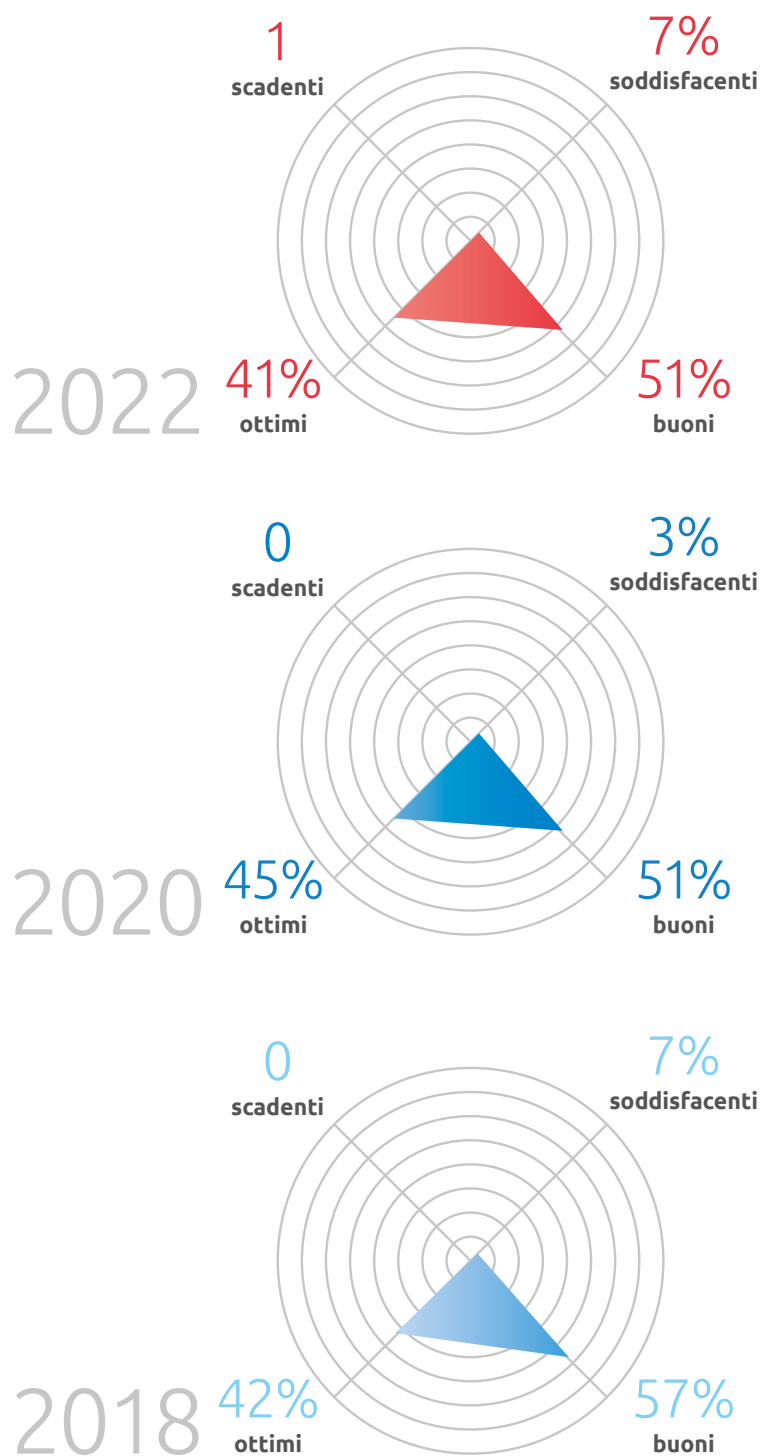
## Soddisfazione della clientela

/ La Paradisi, sempre nella prospettiva di evoluzione e confronto continuo con i clienti, è dotata di strumenti atti a monitorare la percezione dell'azienda sul mercato di riferimento.

/ L'indagine di Customer Satisfaction è effettuata ogni due anni e si pone l'obiettivo di valutare:

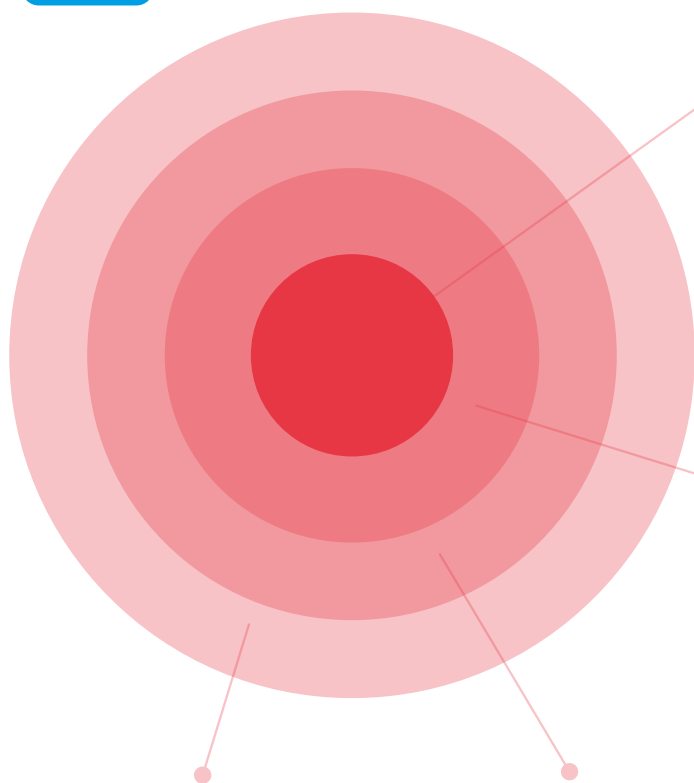
- la capacità di risposta alle richieste di nuovi prodotti;
- la qualità dei prodotti;
- la qualità del servizio;
- la qualità dei contatti con l'Azienda.

I risultati continuano ad essere positivi: oltre il 90% dei clienti abbina i prodotti Paradisi ad una fascia di alto gradimento.



## Obiettivi 2022 raggiunti e azioni intraprese

GRI 3-3



### Customer Satisfaction

L'azienda ha ottenuto i seguenti risultati in termini di fidelizzazione della clientela, registrando:

/ Customer Retention Rate (CRR) pari al 97%

/ tasso di defezione della clientela pari al 3%.

### Diminuzione di non conformità

Nel 2022 la società è riuscita a mantenere la non conformità a livelli soddisfacenti.

/ Valore dei resi dai clienti sul fatturato 2022: 0,26%

### Aggiornare i canali di comunicazione digitale

È stato fatto un restyle del sito web sia a livello grafico che di contenuti. Il blog è aggiornato periodicamente con tutti gli eventi e viene inviata una newsletter periodica.

### Aggiornare il VTOUR

L'obiettivo del numero di accessi/numero di inviti >25% è stato raggiunto e raddoppiato: 50% di accessi.

# Obiettivi 2023

GRI 3-3

Non conformità clientela  
Obiettivo: puntare allo 0,  
almeno tenerlo inferiore all'1,5%

Tasso di defezione  
della clientela <10%

Monitorare l'efficacia  
del VTOUR  
Obiettivo: n.ro di  
accessi/n.ro di inviti >25%

CRR > 90%

Aumentare  
comunicazione  
esterna  
attraverso  
invio periodico  
newsletter  
(1 ogni 2 mesi)

# Fornitori

GRI 414

*La Paradisi si fa portatrice nel diffondere la cultura d'impresa, il bene comune e lo sviluppo sociale ed economico del territorio, proponendosi di promuovere "il sostegno all'imprenditoria locale, anche selezionando, se possibile, fornitori strategici del territorio di riferimento che rispettino principi di sostenibilità".*

*(Statuto - Paradisi S.r.l.)*

**"Il processo di selezione dei fornitori, inoltre, si basa su valutazioni obiettive secondo principi di correttezza e trasparenza e dal rispetto dei valori di equità, imparzialità, lealtà e pari opportunità. Per realizzare al meglio i propri prodotti, infatti, è fondamentale instaurare dei rapporti ottimali con i propri fornitori che, quindi, non sono solo interlocutori esterni, ma diventano parte determinante nel processo produttivo e di crescita aziendale e con i quali è importante instaurare un rapporto di stretta collaborazione tecnica e condividere gli obiettivi comuni di qualità, crescita sostenibile e innovazione tecnologica."**

*(Codice Etico - Paradisi S.r.l.)*

## Processo di selezione dei fornitori che condividano i principi e valori alla base del Codice Etico della Paradisi S.r.l.

L'attenzione alla diffusione di una cultura d'impresa basata sul bene comune, sullo sviluppo sociale ed economico e sui principi di correttezza, trasparenza ed equità, portano la Paradisi S.r.l. a favorire l'instaurazione di rapporti di lungo termine con fornitori che condividono tali valori.

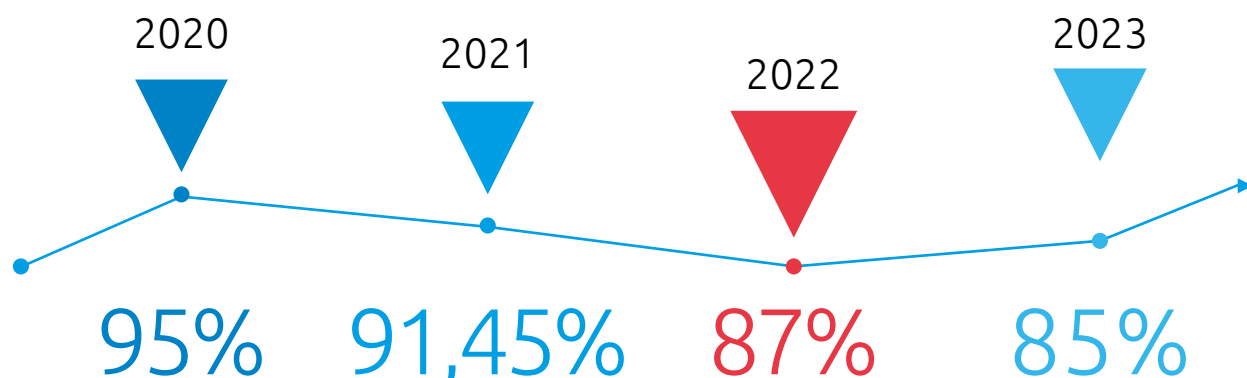
## Selezione dei fornitori strategici principalmente situati nel territorio marchigiano

La società partecipa e sostiene lo sviluppo del tessuto economico marchigiano, seleziona ormai da anni i propri fornitori strategici (di materie prime e sussidiarie) guardando principalmente alle aziende presenti nella propria regione.

Anche nel 2020 i fornitori marchigiani hanno rappresentato la percentuale dominante (95%).

## % acquisto materia prima da fornitori locali

Situazione attuale: 87% acquisti nelle Marche

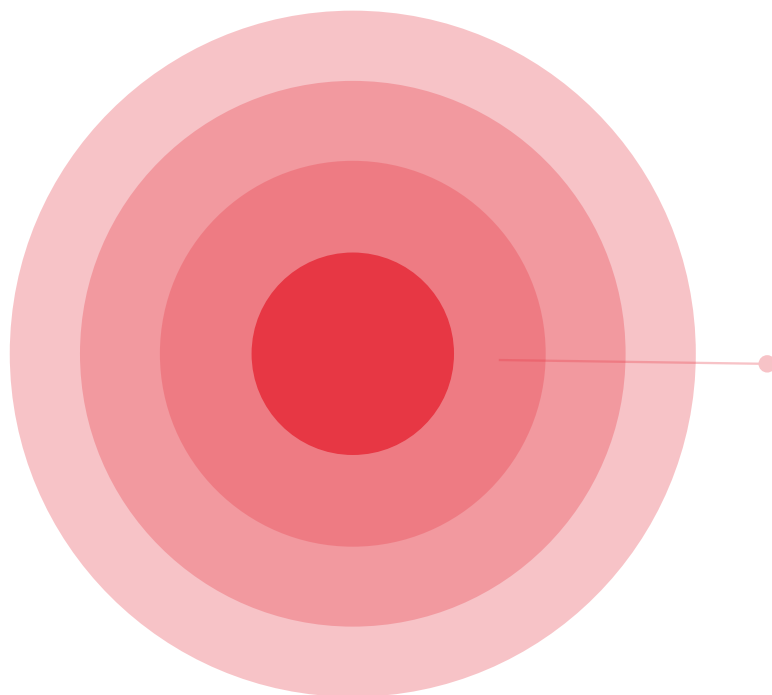


mantenimento valore  
acquisito fornitori locali

Alla luce delle tipologie dei materiali del mutato portafoglio prodotti non reperibili dai fornitori locali, la società ha rivisto al ribasso l'obiettivo 2023.

## Obiettivi 2022 raggiunti e azioni intraprese

GRI 3-3



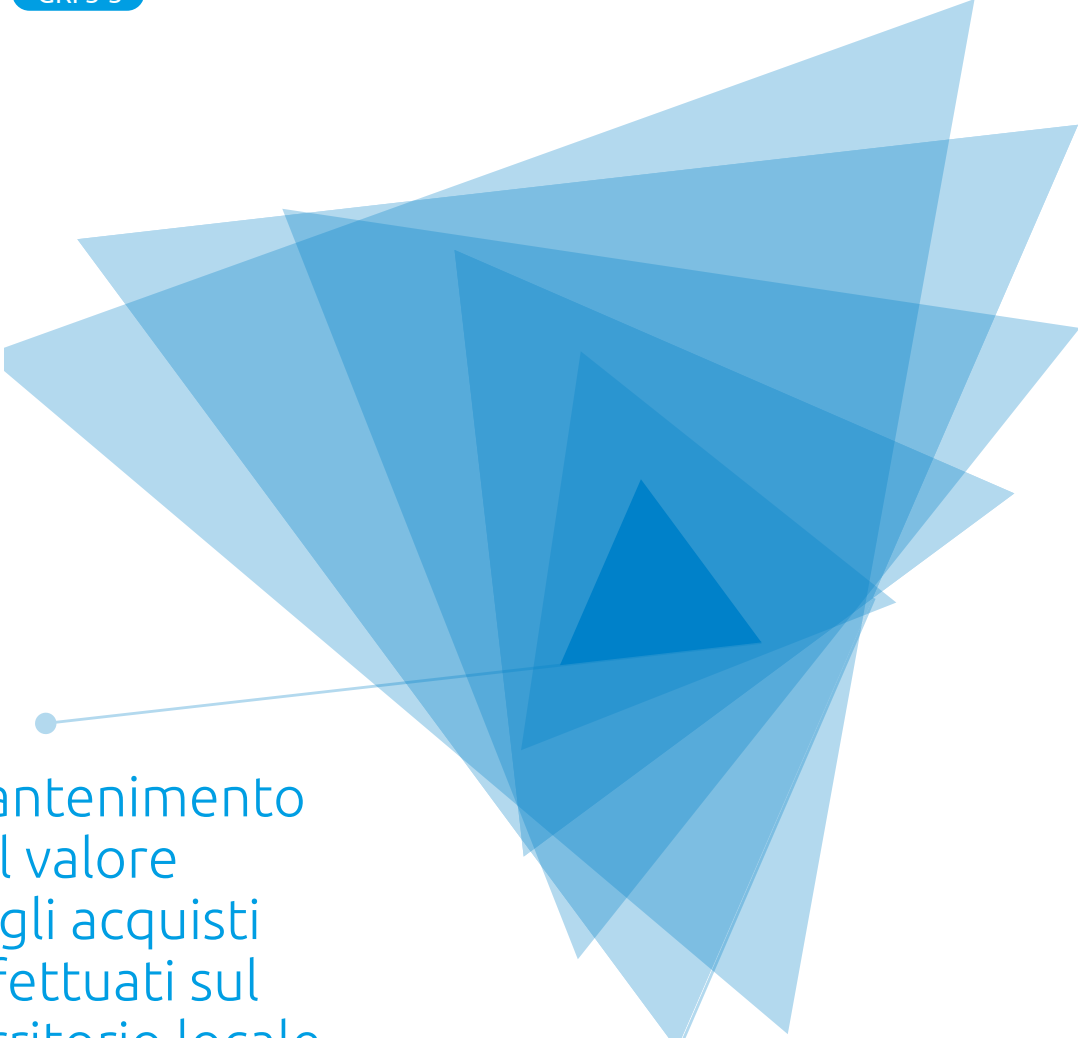
### Scelta dei fornitori strategici sul territorio che condividono gli stessi principi e valori

La Società si era posta l'obiettivo di acquistare almeno il 90% delle materie prime e sussidiarie da fornitori marchigiani.

**Valore 2022: 87%** del valore degli acquisti è nelle Marche. Abbiamo acquistato MP da fornitori non marchigiani a causa della tipologia di materiale richiesto dal cliente non disponibile dai fornitori marchigiani e per problemi di reperibilità dovuti alla situazione di mercato.

# Obiettivi 2023

GRI 3-3



Mantenimento  
del valore  
degli acquisti  
effettuati sul  
territorio locale  
> 90%

Coinvolgimento  
dei fornitori  
rispetto alle  
tematiche ESG

# Territorio e comunità locali

GRI 413

*“La diffusione della cultura d’impresa (responsabile, sostenibile e trasparente) potrà avvenire anche in collaborazione con altre aziende pubbliche o private, professionisti, enti ed istituzioni nonché con l’organizzazione di seminari, incontri, eventi in genere e la pubblicazione e la diffusione di materiale informativo”.*

*(Cfr. Statuto Paradisi Srl - Oggetto Sociale art. 3)*

**“Per l’Azienda, inoltre, è normale sentirsi da sempre legata al territorio e al contesto sociale di cui è parte e, riconoscendo l’importanza che ha il territorio nel proprio sviluppo, si impegna a mantenere un comportamento socialmente responsabile, a contribuire alla crescita economica e sociale del territorio e della comunità in cui è inserita e a collaborare con istituzioni pubbliche, università e altre organizzazioni per la ricerca e lo sviluppo di soluzioni innovative e sostenibili.”**

*(Codice Etico - Paradisi S.r.l.)*



## Supporto al territorio

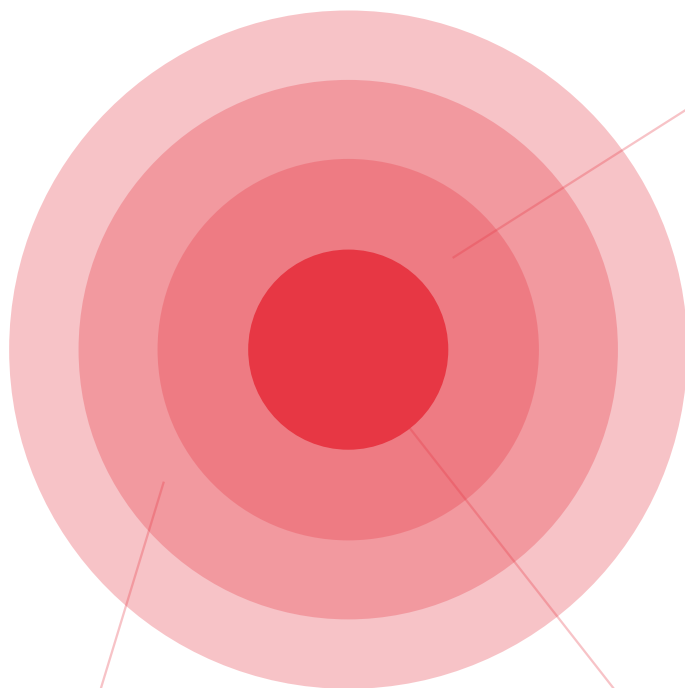
La Paradisi da molti anni ha consolidato un rapporto di collaborazione con le istituzioni del territorio mirando alla creazione di valore aggiunto per la sua comunità di riferimento. L'azienda aspira ad una responsabilità civile d'impresa in cui non limita il proprio raggio di azione agli stakeholder di diretto interesse ma si fa carico di aspetti culturali, sociali e ambientali del contesto in cui opera. In quest'ottica l'azienda collabora con l'Istituto di Istruzione Superiore 'Marconi Pieralisi' di Jesi, ritenendo di importanza primaria favorire la cultura e lo sviluppo del territorio motivando i ragazzi allo studio ed avvicinandoli al mondo del lavoro. Inoltre la Paradisi supporta le ONLUS locali e partecipa a progetti sociali co-determinando le condizioni di felicità pubblica e assicurando la sostenibilità dello sviluppo umano integrale. Infine partecipa a progetti di restauro di opere d'arte e spettacoli artistici facendosi portavoce di un'"Economia della Bellezza" che produce non solo beni ma anche bene, bellezza e cultura.

## Dialogo con il territorio

La società persegue specifiche finalità di beneficio comune che agevolano la crescita economica e sociale del territorio e della comunità di riferimento.

## Obiettivi 2022 raggiunti e azioni intraprese

GRI 3-3



### Continuare a supportare le associazioni locali

La società anche nell'anno 2022 ha continuato a dare il proprio sostegno alle associazioni locali come lo IOM e il biscottificio Frolla per la campagna "ridiamo dignità" in collaborazione con la Caritas Senigallia a favore degli alluvionati.

Ha sostenuto anche le manifestazioni Monsano Cult, il Brand Festival Jesi e l'evento dell'associazione Motomorphosis.

### Continuare a supportare le scuole del territorio

Continua l'assegnazione della borsa di studio annuale dedicata a Sandro Paradisi per sostenere giovani meritevoli diplomati all'IIS "Marconi Pieralisi" di Jesi.

Paradisi ha sostenuto anche l'ospedale Salesi con il Robot Pepper un progetto di robot terapia.

### Diffondere la cultura delle B-corp

Il dialogo col territorio passa anche attraverso le testimonianze che vengono fatte ad eventi o corsi come quella che ha portato Gaia Paradisi parlando di BCorp alla Festa del buonsenso a Monsano, al Brand Festival, al master ISTAO, al convegno organizzato dalla FCRJ "Le BCorp che fanno bene al territorio", all'incontro GIS Giovani Imprenditori Senigalliesi dal titolo "Essere Azienda Benefit Corporation, un passo avanti per una impresa ed una società migliore" e al Convegno Nazionale delle Aziende Familiari 2022 AIDAF.



L'iniziativa "La Festa dell'Albero" alla presenza dei bimbi della scuola d'infanzia Anna Frank



Progetto "Electric Rover", realizzato dalle classi quarte del corso di Meccanica, Meccatronica ed Energia dell'IIS "Marconi Pieralisi"



Paradisi sostiene l'ospedale Salesi con il progetto robot terapia

# Obiettivi 2023

GRI 3-3



Continuare a supportare le associazioni locali e progetti di interesse culturale per il territorio

Continuare a supportare le scuole del territorio

Diffondere la cultura delle B Corp



7.4

# Governance

GRI 2-9

GRI 2-10

GRI 2-11

GRI 2-12

GRI 2-13

*La società è amministrata in modo da bilanciare l'interesse dei soci, il perseguimento delle finalità di beneficio comune e gli interessi indicati nell'oggetto sociale."*

*(Cfr. Statuto Paradisi Srl - Oggetto sociale art. 3)*

**"I rapporti e i comportamenti, a tutti i livelli, devono essere improntati ai principi di legalità, onestà, correttezza, integrità, riservatezza, trasparenza e reciproco rispetto. Il Codice, quindi, è vincolante e deve essere rispettato e fatto osservare da tutto il personale in servizio nell'azienda e da ogni soggetto che svolge attività in nome e per conto della Società."**

*(Codice Etico - Paradisi S.r.l.)*

Il concetto chiave su cui si fonda l'intera mission aziendale e verso cui si muove l'intera attività è quello di "equilibrio dinamico". La Paradisi S.r.l. ha infatti l'obiettivo di bilanciare gli interessi dei soci, dei dipendenti e di tutti gli stakeholder esterni, per perseguire il beneficio comune.

La governance è stata fin dal principio capace di coniugare in un'ottica di lungo periodo quegli aspetti che, seppur contrapposti, devono coesistere in un'azienda che fa dell'etica e dello sviluppo sostenibile l'obiettivo primario:

- / Tradizione e innovazione**
- / Aspetti economico finanziari e sociali**
- / Flessibilità di produzione e rigidità degli investimenti**

## Compagine sociale

costituita da membri  
della famiglia Paradisi  
e da soggetto terzo

99%

## Famiglia

La compagine sociale della Paradisi S.r.l. è costituita per la quasi totalità da membri della famiglia Paradisi, che portano avanti nel tempo i valori vincenti su cui fin dal principio è nata l'azienda. Oltre al socio fondatore Tiziana Paradisi, sono presenti anche Gaia ed Emma Paradisi che rappresentano la terza generazione di una famiglia da sempre dedita nell'industria metalmeccanica.

1%

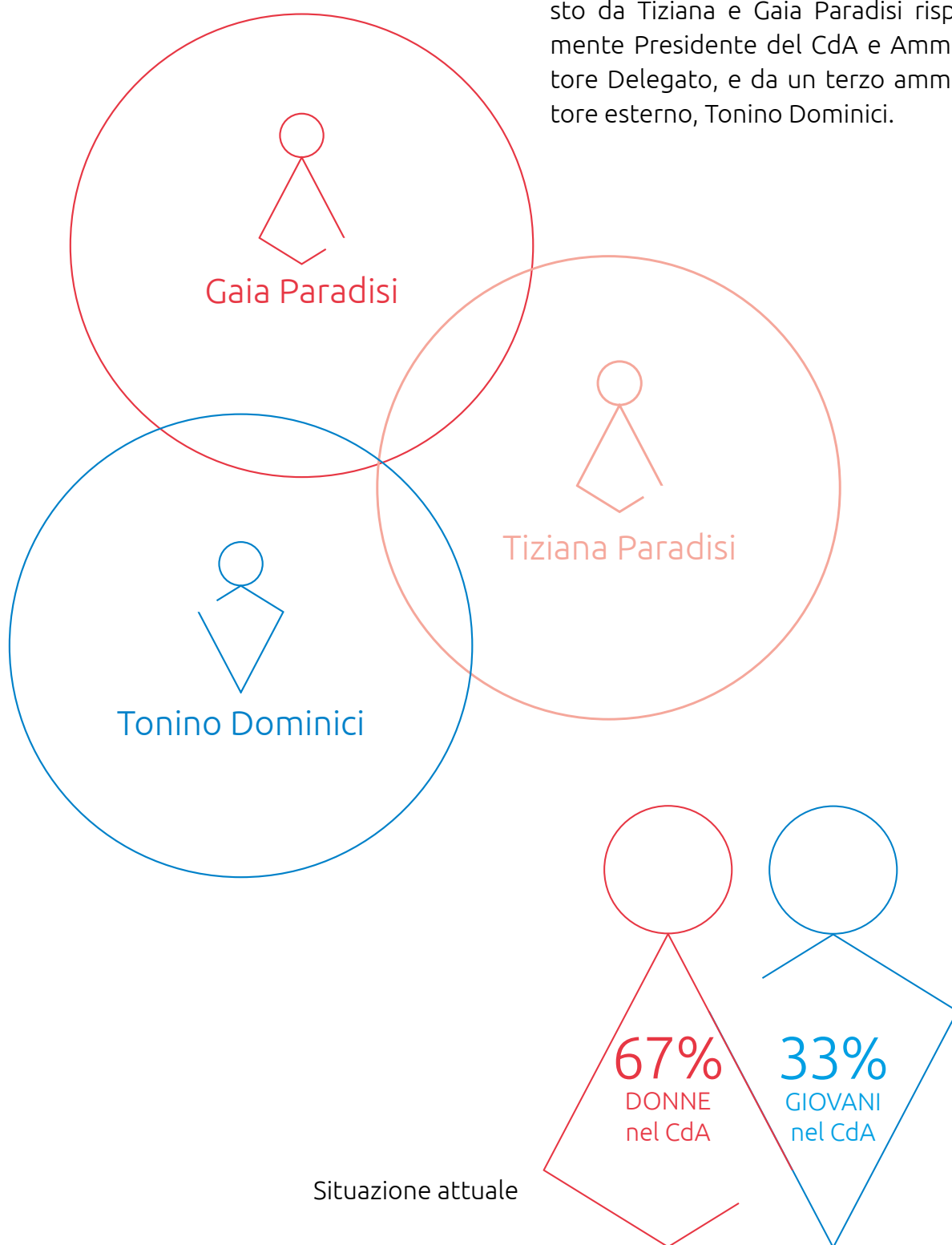
## Collaboratori

Il quarto componente della compagine sociale è rappresentato dai dipendenti della Paradisi Srl: attraverso la costituzione dell'"Associazione Sandro Paradisi" la società ha donato l'1% delle quote ai propri dipendenti, per realizzare un pieno bilanciamento degli interessi dei soci e dei suoi collaboratori, che permette il mantenimento dell'equilibrio dinamico.



## Consiglio di amministrazione

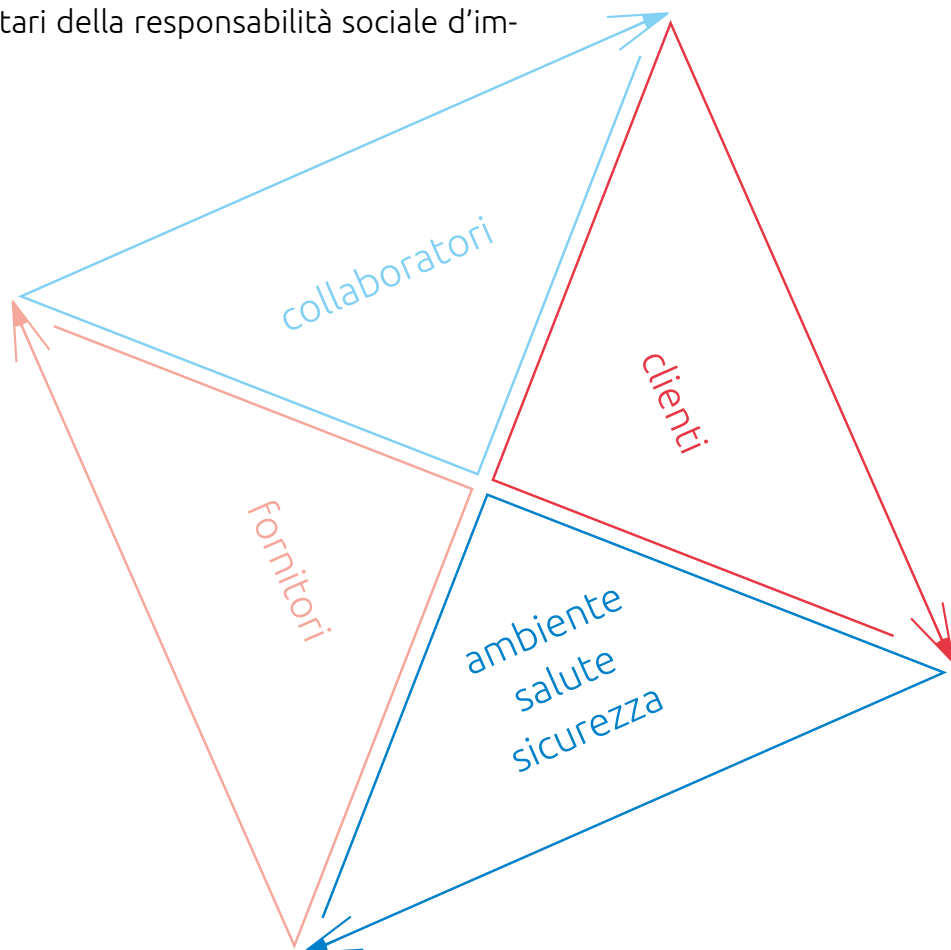
Il Consiglio di Amministrazione è composto da Tiziana e Gaia Paradisi rispettivamente Presidente del CdA e Amministratore Delegato, e da un terzo amministratore esterno, Tonino Dominici.



## Codice etico

La società è dotata di un Codice Etico scritto, che definisce le regole sociali e morali dell'azienda valide sia per l'ambiente interno sia per i rapporti all'esterno, operando con la ferma convinzione che è proprio il codice etico di un'azienda che ne definisce qualità e competitività.

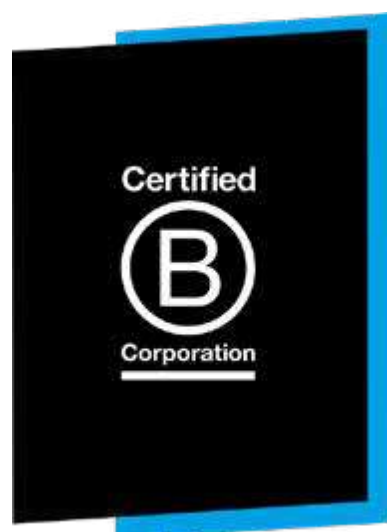
In qualità di società Benefit, la Paradisi S.r.l. intende perseguire, oltre al profitto, finalità di beneficio comune ed operare in modo responsabile, sostenibile e trasparente nei confronti di persone, comunità, territori e ambiente, beni ed attività culturali e sociali, enti e associazioni ed altri portatori d'interesse. L'impresa è chiamata a coniugare il proprio ruolo economico con quello sociale, creando valore per sé e, più in generale, per la società, integrando nella propria strategia le questioni sociali, etiche ed ambientali che emergono dalla collaborazione con i propri stakeholder, destinatari della responsabilità sociale d'impresa.



## Certificazione B-Corp

Abbiamo orgogliosamente rinnovato, con un importante punteggio, la nostra certificazione B-Corp confermando l'appartenenza a questa virtuosa comunità.

Siamo sempre stati convinti che i dati economici positivi siano strettamente correlati al nostro modo di operare: trasparente e sostenibile. L'amore per il nostro territorio, il forte legame con la tradizione artigianale, il contatto diretto con collaboratori, fornitori e partner sono aspetti che ci hanno caratterizzato da sempre. Una filosofia che la nostra azienda aveva già adottato molto prima di trasformarsi in Società Benefit, nel settembre 2016. Si è trattato di un percorso virtuoso in ottica di bilanciamento dei nostri interessi con uno sviluppo sostenibile del territorio e della comunità sociale di cui siamo parte.



## 2016

I punteggi dell'azienda in seguito sono stati confrontati con 1195 aziende ordinarie che hanno anche 10-49 dipendenti.

[Per saperne di più](#)



## 2020

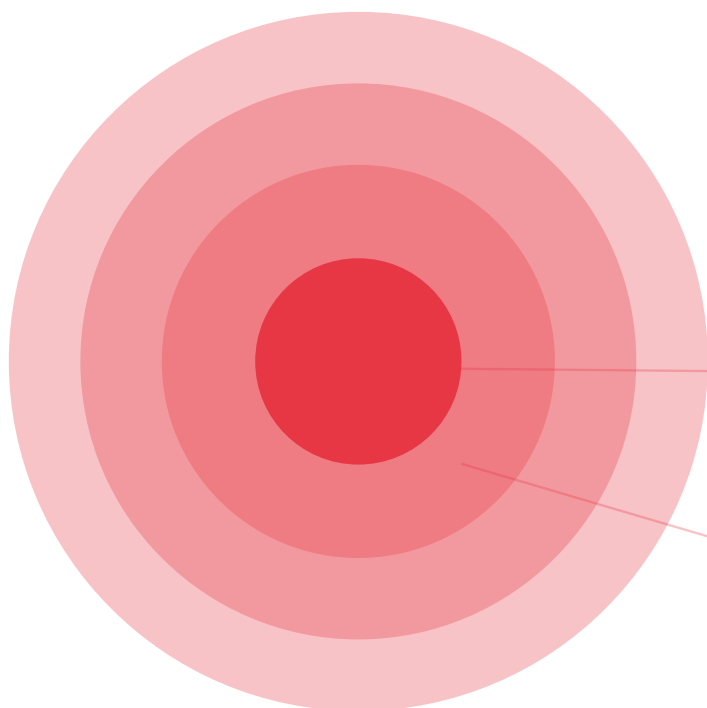
I punteggi dell'azienda in seguito sono stati confrontati con 1195 aziende ordinarie che hanno anche 10-49 dipendenti.

[Per saperne di più](#)



## Obiettivi 2022 raggiunti

GRI 3-3



### Rating di legalità

Obiettivo raggiunto con l'ottenimento di 2 stelline dall'autorità competente

### Formazione per CDA e dirigenza sulla governance aziendale

Obiettivo raggiunto con due giornate di formazione sul tema della leadership adattiva presso l'Istituto OLI (Olivetti Leadership Institute) a Ivrea, nei luoghi di vita e di lavoro della famiglia e dell'azienda Olivetti.

# Obiettivi 2023

GRI 3-3

Ricertificazione  
BCorp

Rating di  
legalità

Mantenimento delle  
2 stelline

Verifica e  
rinnovo del  
Piano  
strategico  
triennale









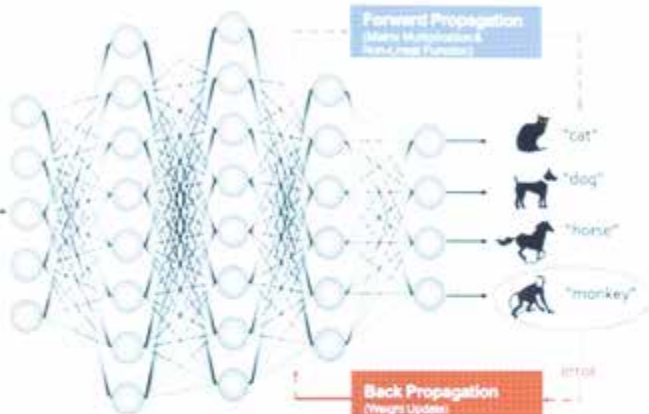


antato

### Artificial neural networks apprendimento basato su esempi



ImageNet  
20 thousand categories, 14 million images









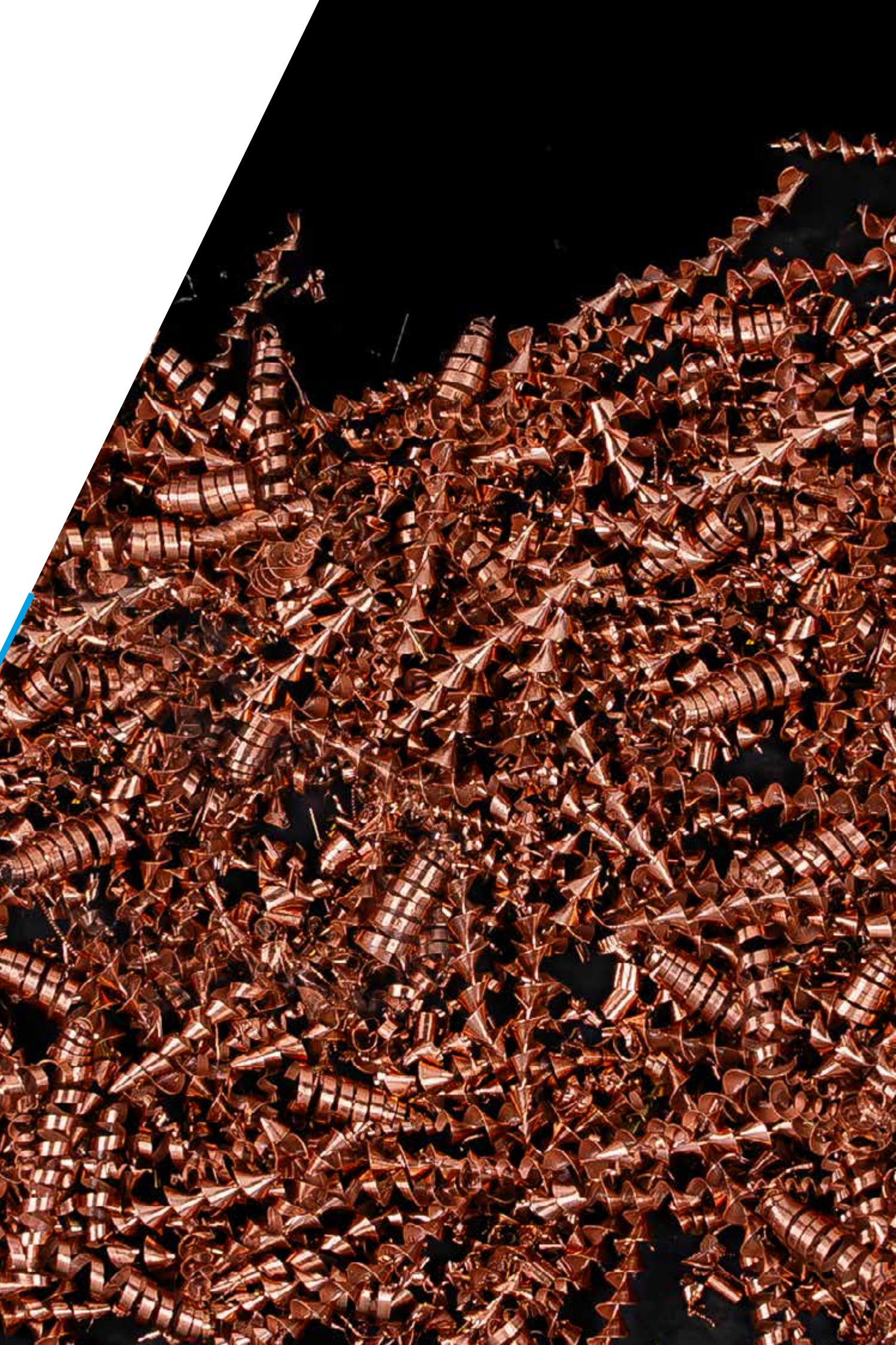
**paradisi.it**

Società Benefit



# ALLEGATI GRI











# GRI 2: General Disclosures 2021

EFFECTIVE DATE: 1 JANUARY 2023

UNIVERSAL STANDARD

# 2



# GRI 2: General Disclosures 2021

## Universal Standard

### Effective date

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

### Responsibility

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

### Due Process

This Standard was developed in the public interest and in accordance with the requirements of the GSSB Due Process Protocol. It has been developed using multi-stakeholder expertise, and with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

### Legal liability

This document, designed to promote sustainability reporting, has been developed by the Global Sustainability Standards Board (GSSB) through a unique multi-stakeholder consultative process involving representatives from organizations and report information users from around the world. While the GRI Board of Directors and GSSB encourage the use of the GRI Sustainability Reporting Standards (GRI Standards) and related Interpretations by all organizations, the preparation and publication of reports based fully or partially on the GRI Standards and related Interpretations are the full responsibility of those producing them. Neither the GRI Board of Directors, GSSB, nor Stichting Global Reporting Initiative (GRI) can assume responsibility for any consequences or damages resulting directly or indirectly from the use of the GRI Standards and related Interpretations in the preparation of reports, or the use of reports based on the GRI Standards and related Interpretations.

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# Introduction

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

The Standard is structured as follows:

- [Section 1](#) contains five disclosures, which provide information about the organization, its sustainability reporting practices, and the entities included in its sustainability reporting.
- [Section 2](#) contains three disclosures, which provide information about the organization's activities, employees, and other workers.
- [Section 3](#) contains thirteen disclosures, which provide information about the organization's governance structure, composition, roles, and remuneration.
- [Section 4](#) contains seven disclosures, which provide information about the organization's sustainable development strategy and its policies and practices for responsible business conduct.
- [Section 5](#) contains two disclosures, which provide information about the organization's stakeholder engagement practices and how it engages in collective bargaining with employees.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments and additional references used in developing this Standard, as well as resources that the organization can consult.

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

## System of GRI Standards

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

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

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

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

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

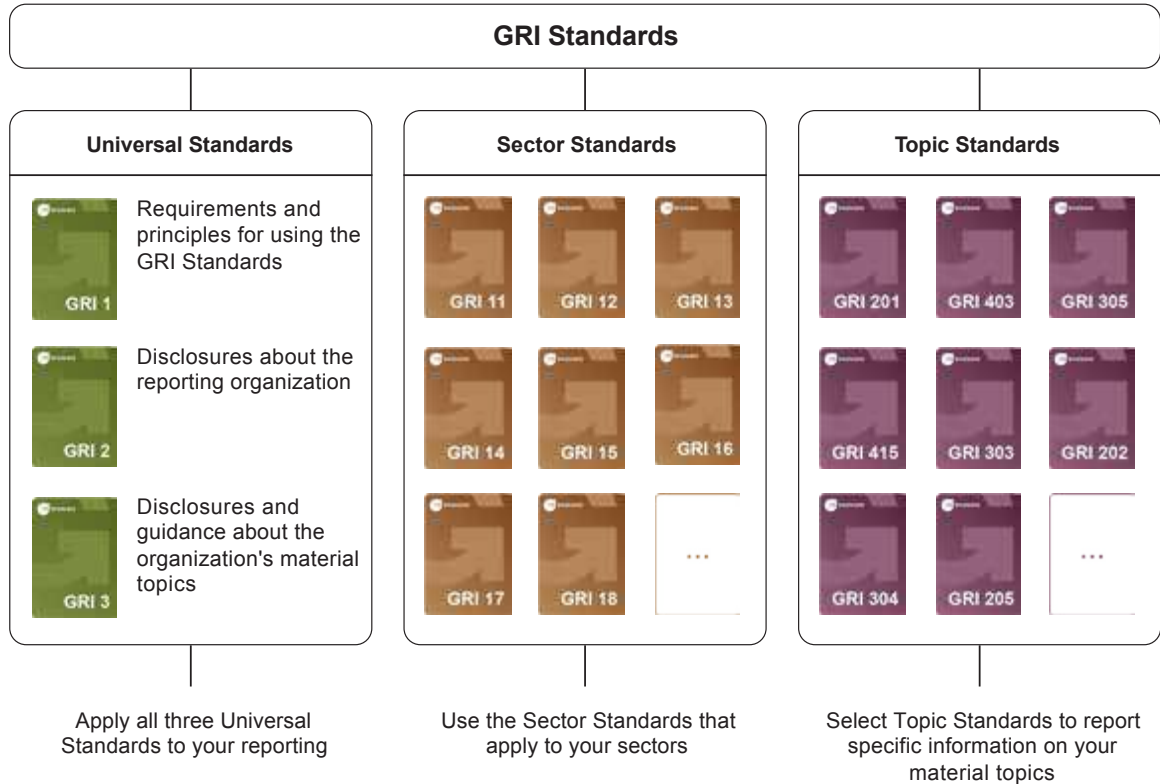
[GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

### Sector Standards

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

### Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using [GRI 3](#).

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

### Using this Standard

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

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

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

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

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

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

**Requirements, guidance and defined terms**

The following apply throughout the GRI Standards:

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

Requirements may be accompanied by guidance.

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

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

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

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

# 1. The organization and its reporting practices

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

## Disclosure 2-1 Organizational details

---

**REQUIREMENTS**

**The organization shall:**

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

---

**GUIDANCE**

**Guidance to 2-1-a**

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

**Guidance to 2-1-b**

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

**Guidance to 2-1-c**

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

**Guidance to 2-1-d**

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



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

---

### REQUIREMENTS

#### The organization shall:

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

---

### GUIDANCE

#### Guidance to 2-2-a

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

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

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

#### Guidance to 2-2-a and 2-2-b

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

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

#### Guidance to 2-2-c

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

## Disclosure 2-3 Reporting period, frequency and contact point

---

**REQUIREMENTS****The organization shall:**

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

---

**GUIDANCE****Guidance to 2-3-a**

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

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

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

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

## Disclosure 2-4 Restatements of information

### REQUIREMENTS

The organization shall:

- a. report restatements of information made from previous reporting periods and explain:
  - i. the reasons for the restatements;
  - ii. the effect of the restatements.

### GUIDANCE

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

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

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

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

#### Guidance to 2-4-a-i

Examples of reasons for restatements of information include:

- change of base period or length of the reporting period;
- change in the nature of the business;
- change in the measurement methodologies or in the definitions used;
- disposals, mergers, or acquisitions;
- error made in previous reporting periods.

#### Guidance to 2-4-a-ii

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

## Disclosure 2-5 External assurance

---

**REQUIREMENTS**

The organization shall:

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

---

**GUIDANCE**

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

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

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

The organization can also describe, in accessible language:

- the scope of information and processes covered;
- the responsibilities of the organization relative to the assurance provider;
- the opinion or conclusions formally signed off by the assurance provider;
- a summary of the work performed;
- information on the experience and qualifications of the assurance provider, e.g., profile and level of subject matter expertise of the individuals involved.

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

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

## 2. Activities and workers

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

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

#### REQUIREMENTS

The organization shall:

- a. report the sector(s) in which it is active;
- b. describe its value chain, including:
  - i. the organization's activities, products, services, and markets served;
  - ii. the organization's supply chain;
  - iii. the entities downstream from the organization and their activities;
- c. report other relevant business relationships;
- d. describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period.

#### GUIDANCE

##### Guidance to 2-6-a

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

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

##### Guidance to 2-6-b

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

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

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

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

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

When describing its products and services, the organization should report:

- the quantity of products or services provided during the reporting period (e.g., number of products or services provided, net sales of products or services provided);
- whether it sells products or services that are banned in certain markets or are the subject of stakeholder concerns or public debate, including the reason for the ban or concerns and how the organization has responded to these concerns.

When describing the markets served, the organization can report:

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

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

The organization can describe:

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

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

The organization can describe:

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

**Guidance to 2-6-c**

Other relevant business relationships include relationships that the organization has with entities that are not described as part of its value chain under 2-6-b. These may include business partners (e.g., joint ventures) and other entities directly linked to the organization's operations, products, or services (for examples, see the note in the definition of 'business relationships').

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

**Guidance to 2-6-d**

Requirement 2-6-d entails describing significant changes in the organization's sectors, value chain, and other business relationships compared to the previous reporting period. This information can help explain changes to the organization's impacts. Examples of significant changes that can be reported under this disclosure are changes in activities such as the opening, closing, or expansion of facilities; changes in the structure of the organization's supply chain or in its relationships with suppliers, including selection and termination; or changes in the location of its suppliers.

## Disclosure 2-7 Employees

### REQUIREMENTS

The organization shall:

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

### GUIDANCE

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

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

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

#### Guidance to 2-7-a

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

Providing a breakdown of employees by gender gives insight into gender representation across the organization. Providing a breakdown of employees by region gives insight into regional variations. A region can refer to a country or other geographic locations, such as a city or a world region.

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

#### Guidance to 2-7-b

The definitions of permanent, temporary, non-guaranteed hours, full-time, and part-time employees differ between countries. If the organization has employees in more than one country, it should use the definitions as per the national laws of the countries where the employees are based to calculate country-level data. The country-level data should then be added up to calculate total numbers, disregarding differences in national legal definitions.

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

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

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

**Guidance to 2-7-c**

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

The organization can use another methodology for reporting these numbers.

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

**Guidance to 2-7-d**

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

The organization can explain the reasons for temporary employment. An example of such a reason is the recruitment of employees to undertake work on a temporary or seasonal project or event. Another example is the standard practice to offer a temporary contract (e.g., six months) to new employees before an offer of permanent employment is made. The organization can also explain the reasons for non-guaranteed hours employment.

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

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

**Guidance to 2-7-e**

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

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

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



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

[Reporting period]				
FEMALE	MALE	OTHER*	NOT DISCLOSED	TOTAL
<b>Number of employees (head count / FTE)</b>				
<b>Number of permanent employees (head count / FTE)</b>				
<b>Number of temporary employees (head count / FTE)</b>				
<b>Number of non-guaranteed hours employees (head count / FTE)</b>				
<b>Number of full-time employees (head count / FTE)</b>				
<b>Number of part-time employees (head count / FTE)</b>				

\* Gender as specified by the employees themselves.

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

[Reporting period]		
REGION A	REGION B	TOTAL
<b>Number of employees (head count / FTE)</b>		
<b>Number of permanent employees (head count / FTE)</b>		
<b>Number of temporary employees (head count / FTE)</b>		
<b>Number of non-guaranteed hours employees (head count / FTE)</b>		
<b>Number of full-time employees (head count / FTE)</b>		
<b>Number of part-time employees (head count / FTE)</b>		

## Disclosure 2-8 Workers who are not employees

### REQUIREMENTS

The organization shall:

- a. report the total number of **workers** who are not **employees** and whose work is controlled by the organization and describe:
  - i. the most common types of worker and their contractual relationship with the organization;
  - ii. the type of work they perform;
- b. describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported:
  - i. in head count, full-time equivalent (FTE), or using another methodology;
  - ii. at the end of the **reporting period**, as an average across the reporting period, or using another methodology;
- c. describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.

### GUIDANCE

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

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

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

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

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

#### Guidance to 2-8-a

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

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

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

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

- Contractors hired by the organization to perform work at the organization's workplace, in a public area (e.g., on a road), or directly at the workplace of the organization's client.
- Workers of one of the organization's suppliers, where the organization instructs the supplier to use particular materials or work methods to manufacture the products or deliver the

services.

- Volunteers or interns performing work for the organization.

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

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

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

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

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

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

#### **Guidance to 2-8-b**

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

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

#### **Guidance to 2-8-c**

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

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

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

### 3. Governance

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

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

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

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

##### REQUIREMENTS

The organization shall:

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

##### GUIDANCE

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

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

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

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

###### Guidance to 2-9-c-iv

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

###### Guidance to 2-9-c-vii

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

## Disclosure 2-10 Nomination and selection of the highest governance body

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### REQUIREMENTS

The organization shall:

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

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### GUIDANCE

#### Guidance to 2-10-b-iii

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

#### Guidance to 2-10-b-iv

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

## Disclosure 2-11 Chair of the highest governance body

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**REQUIREMENTS**

The organization shall:

- a. report whether the chair of the highest governance body is also a senior executive in the organization;
- b. if the chair is also a senior executive, explain their function within the organization's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.

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

---

### REQUIREMENTS

The organization shall:

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

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### GUIDANCE

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

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

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

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

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

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**REQUIREMENTS**

The organization shall:

- a. describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including:
  - i. whether it has appointed any senior executives with responsibility for the management of impacts;
  - ii. whether it has delegated responsibility for the management of impacts to other employees;
- b. describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people.



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

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### REQUIREMENTS

The organization shall:

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

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### GUIDANCE

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

## Disclosure 2-15 Conflicts of interest

---

**REQUIREMENTS**

The organization shall:

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

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**GUIDANCE**

See reference [20] in the [Bibliography](#).

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

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

## Disclosure 2-16 Communication of critical concerns

---

**REQUIREMENTS**

The organization shall:

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

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**GUIDANCE**

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

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

**REQUIREMENTS** The organization shall:

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

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

---

**REQUIREMENTS**

The organization shall:

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

## Disclosure 2-19 Remuneration policies

### REQUIREMENTS

The organization shall:

- a. describe the remuneration policies for members of the highest governance body and senior executives, including:
  - i. fixed pay and variable pay;
  - ii. sign-on bonuses or recruitment incentive payments;
  - iii. termination payments;
  - iv. clawbacks;
  - v. retirement benefits;
- b. describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people.

### GUIDANCE

#### Guidance to 2-19-a-i

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

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

#### Guidance to 2-19-a-iii

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

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

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

#### Guidance to 2-19-a-iv

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

#### Guidance to 2-19-a-v

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

## Disclosure 2-20 Process to determine remuneration

---

**REQUIREMENTS**

The organization shall:

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

---

**GUIDANCE**

Remuneration policies are established to ensure that the remuneration arrangements help recruit, motivate, and retain the highest governance body members, senior executives, and other employees. Remuneration policies further support the organization's strategy and contribution to sustainable development and align with stakeholders' interests.

## Disclosure 2-21 Annual total compensation ratio

### REQUIREMENTS

#### The organization shall:

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

### GUIDANCE

#### Guidance to 2-21-a and 2-21-b

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

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

- Base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation.
- Total cash compensation, which is the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments.
- Direct compensation, which is the sum of total cash compensation and total fair value of all annual long-term incentives (e.g., stock option awards, restricted stock shares or units, performance stock shares or units, phantom stock shares, stock appreciation rights, and long-term cash awards).

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

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

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

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

#### Guidance to 2-21-c

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



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

The organization should provide the following contextual information:

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

## 4. Strategy, policies and practices

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

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

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

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

#### REQUIREMENTS

The organization shall:

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

#### GUIDANCE

The organization should describe:

- its short, medium, and long-term vision and strategy to manage its impacts on the economy, environment, and people, including impacts on their human rights, across the organization's activities and business relationships;
- how its purpose, business strategy, and business model aim to prevent negative impacts and achieve positive impacts on the economy, environment, and people;
- its short and medium-term strategic priorities for contributing to sustainable development, including how the priorities are aligned with authoritative intergovernmental instruments;
- the broader trends (e.g., macroeconomic, social, political) affecting the organization and its strategy for contributing to sustainable development;
- the key events, achievements, and failures associated with the organization's contribution to sustainable development during the reporting period;
- a view of performance against goals and targets related to the organization's material topics during the reporting period;
- the organization's main challenges, goals, and targets regarding its contribution to sustainable development for the next year and the coming three to five years.

<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.

## Disclosure 2-23 Policy commitments

### REQUIREMENTS

#### The organization shall:

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

### GUIDANCE

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

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] set out expectations for organizations in relation to these policy commitments.

#### Guidance to 2-23-a

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

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

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

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

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

#### Guidance to 2-23-a-iii

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

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

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

describe the areas where it applies the precautionary principle.

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

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

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

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

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

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

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

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

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

Categories of stakeholders that the organization gives particular attention to can include consumers, customers, employees and other workers, and local communities. They can also include individuals belonging to groups or populations that are considered to be at risk or vulnerable groups, such as children; human rights defenders; indigenous peoples; migrant workers and their families; national or ethnic, religious and linguistic minorities; persons who might be discriminated against based on their sexual orientation, gender identity, gender expression, or sex characteristics; persons with disabilities; or women.

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

#### **Guidance to 2-23-d**

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

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

<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/regionalhr treaties.aspx>, accessed on 7 May 2021

**Guidance to 2-23-e**

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

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

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

**Guidance to 2-23-f**

The organization can report:

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

## Disclosure 2-24 Embedding policy commitments

### REQUIREMENTS

The organization shall:

- a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:
  - i. how it allocates responsibility to implement the commitments across different levels within the organization;
  - ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures;
  - iii. how it implements its commitments with and through its business relationships;
  - iv. training that the organization provides on implementing the commitments.

### GUIDANCE

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

#### Guidance to 2-24-a-i

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

The organization can report:

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

#### Guidance to 2-24-a-ii

The organization can describe:

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

#### Guidance to 2-24-a-iii

The organization can describe:

- its procurement or investment policies and practices, and its engagement with those with which it has business relationships, including:
  - whether and how it applies pre-qualification processes, bidding criteria, or screening criteria consistent with the expectations stipulated in the policy commitments for responsible business conduct;
  - whether and how it considers the policy commitments in contracting or investment agreements, or in specific policies or codes of conduct for suppliers;
- whether and how it considers the policy commitments in the process of determining whether to initiate, continue, or terminate a business relationship;

- processes through which it enables or supports business partners and other parties to implement the policy commitments (e.g., capacity building, peer sharing);
- incentives that it offers to business partners and other parties to implement the policy commitments (e.g., price premiums, increased orders, long-term contracts).

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

The organization can report:

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

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

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

## Disclosure 2-25 Processes to remediate negative impacts

### REQUIREMENTS

The organization shall:

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

### GUIDANCE

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

*The United Nations (UN) Guiding Principles on Business and Human Rights [14] and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises [12] set out expectations for organizations to provide for or cooperate in the remediation, through legitimate processes, of negative impacts that they identify they have caused or contributed to. The organization is not responsible for the remediation of negative impacts directly linked to its operations, products, or services by its business relationships, where the organization has not contributed to the impacts. It can, however, play a role in the remediation. See [Box 3 in GRI 3: Material Topics 2021](#) for more information on causing, contributing, or being directly linked to negative impacts.*

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

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

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

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

#### Guidance to 2-25-b

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

Examples of state-based judicial and non-judicial grievance mechanisms include courts (for



both criminal and civil actions), labor tribunals, national human rights institutions, National Contact Points under the *OECD Guidelines for Multinational Enterprises*, ombudsperson offices, consumer protection agencies, regulatory oversight bodies, and government-run complaints offices.

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

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

The organization can describe:

- the intended purpose and users of the mechanisms (i.e., whether they are intended for a particular stakeholder category, topic, or region) and whether they enable users to raise human rights-related concerns. For example, the organization can explain that it has established a mechanism for community members to raise complaints about resettlement, as well as a separate hotline for workers to raise concerns about issues affecting their rights, such as health and safety conditions;
- how the mechanisms operate and who administers them (the organization or another party);
- whether operational-level grievance mechanisms are administered at the organizational level or whether they are administered at a lower level (at the site or project level) and, in such a case, how information from these mechanisms is centralized;
- how the mechanisms have been designed and on which principles and guidelines they are based, including whether they are designed to meet the effectiveness criteria set out in *UN Guiding Principle 31* [14];
- the process through which grievances are investigated;
- whether grievances are communicated to the highest governance body;
- whether grievances are treated confidentially;
- whether the mechanisms can be used by stakeholders anonymously through representation by a third party;
- whether the organization requires or provides incentives for the creation or improvement of operational-level grievance mechanisms in workplaces of suppliers;
- whether the organization provides a back-up process for workplaces of suppliers that do not have operational-level grievance mechanisms or where the existing grievance mechanisms in those workplaces result in unresolved issues.

#### **Guidance to 2-25-c**

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

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

#### **Guidance to 2-25-d**

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

#### **Guidance to 2-25-e**

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

The organization can report:

- whether and how the intended users are informed about the grievance mechanisms and remediation processes;
- whether and how the intended users are trained to use the grievance mechanisms and remediation processes;
- the accessibility of the grievance mechanisms and remediation processes, such as the number of hours per day or days per week they are accessible, 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 complaints or concerns);
- how satisfied users are with the grievance mechanisms and remediation processes, and with the resulting outcomes, as well as how the organization assesses user satisfaction;
- the number and types of grievances filed during the reporting period, and the percentage of grievances that were addressed and resolved, including the percentage that were resolved through remediation;
- the number of grievances filed during the reporting period that are repeated or recurring;
- changes made to the grievance mechanisms and remediation processes in response to lessons learned about their effectiveness.

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

## Disclosure 2-26 Mechanisms for seeking advice and raising concerns

### REQUIREMENTS

The organization shall:

- a. describe the mechanisms for individuals to:
  - i. seek advice on implementing the organization's policies and practices for responsible business conduct;
  - ii. raise concerns about the organization's business conduct.

### GUIDANCE

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

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

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

The organization can report:

- who the intended users of the mechanisms are;
- how the mechanisms operate and which level or function in the organization is assigned responsibility for them;
- whether the mechanisms 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.

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

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

## Disclosure 2-27 Compliance with laws and regulations

### REQUIREMENTS

The organization shall:

- a. report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by:
  - i. instances for which fines were incurred;
  - ii. instances for which non-monetary sanctions were incurred;
- b. report the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by:
  - i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period;
  - ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods;
- c. describe the significant instances of non-compliance;
- d. describe how it has determined significant instances of non-compliance.

### GUIDANCE

This disclosure addresses non-compliance, or failure to comply with, laws and regulations that apply to the organization.

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

Laws and regulations can be issued by various bodies, including local, regional, and national governments; regulatory authorities; and public agencies.

Laws and regulations include:

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

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

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

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

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

#### Guidance to 2-27-c

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

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

**Guidance to 2-27-d**

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

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

## Disclosure 2-28 Membership associations

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**REQUIREMENTS**

The organization shall:

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

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**GUIDANCE**

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

## 5. Stakeholder engagement

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

### Disclosure 2-29 Approach to stakeholder engagement

#### REQUIREMENTS

The organization shall:

- a. describe its approach to engaging with stakeholders, including:
  - i. the categories of stakeholders it engages with, and how they are identified;
  - ii. the purpose of the stakeholder engagement;
  - iii. how the organization seeks to ensure meaningful engagement with stakeholders.

#### GUIDANCE

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

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

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

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

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

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

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

The organization can also report:

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

Further information on stakeholder engagement undertaken for specific activities is reported under other disclosures. For example, the organization must report on stakeholder engagement undertaken to determine and manage material topics under [3-1-b](#) and [3-3-f](#) in [GRI 3: Material Topics 2021](#).

#### Guidance to 2-29-a-iii

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

The organization can report:

- how it takes into account potential barriers to stakeholder engagement (e.g., language and cultural differences, gender and power imbalances, divisions within a community or group);

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



## Disclosure 2-30 Collective bargaining agreements

**REQUIREMENTS**

The organization shall:

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

**GUIDANCE**

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

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

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

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

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

**Guidance to 2-30-a**

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

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

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

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

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

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

**Guidance to 2-30-b**

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

## Glossary

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

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

### B

#### **business partner**

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

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

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

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

#### **business relationships**

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

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

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

### C

#### **child**

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

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

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

#### **collective bargaining**

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

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

#### **conflict of interest**

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

**D****due diligence**

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

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

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

**E****employee**

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

**F****full-time employee**

employee whose working hours per week, month, or year are defined according to national law or practice regarding working time

**G****governance body**

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

**grievance**

perceived injustice evoking an individual's or a group's sense of entitlement, which may be based on law, contract, explicit or implicit promises, customary practice, or general notions of fairness of aggrieved communities

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

**grievance mechanism**

routinized process through which grievances can be raised and remedy can be sought

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

Note: See [Guidance to Disclosure 2-25 in GRI 2: General Disclosures 2021](#) for more information on ‘grievance mechanism’.

**H****highest governance body**

governance body with the highest authority in the organization

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

**human rights**

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*

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

Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on ‘human rights’.

**I** **impact**  
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

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See section 2.1 in *GRI 1: Foundation 2021* for more information on 'impact'.

**indigenous peoples**

indigenous peoples are generally identified as:

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

Source: International Labour Organization (ILO), *Indigenous and Tribal Peoples Convention*, 1989 (No. 169)

**L** **local community**  
individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities

Note: The local community can range from those living adjacent to the organization's operations to those living at a distance.

**M** **material topics**  
topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights

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'.

**mitigation**

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

Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

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.

**N** **non-guaranteed hours employee**  
employee who is not guaranteed a minimum or fixed number of working hours per day, week, or month, but who may need to make themselves available for work as required

Source: ShareAction, *Workforce Disclosure Initiative Survey Guidance Document*, 2020; modified

Examples: casual employees, employees with zero-hour contracts, on-call employees

**P** **part-time employee**  
employee whose working hours per week, month, or year are less than the number of working hours for full-time employees

**permanent employee**

employee with a contract for an indeterminate period (i.e., indefinite contract) for full-time or part-

time work

## R

### remedy / remediation

means to counteract or make good a negative impact or provision of remedy

Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

Examples: apologies, financial or non-financial compensation, prevention of harm through injunctions or guarantees of non-repetition, punitive sanctions (whether criminal or administrative, such as fines), restitution, restoration, rehabilitation

### reporting period

specific time period covered by the reported information

Examples: fiscal year, calendar year

## S

### senior executive

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

### severity (of an impact)

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

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

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

### stakeholder

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

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

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

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

### supplier

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

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

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

### supply chain

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

### sustainable development / sustainability

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

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

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

---

**T**
**temporary employee**

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

---

**U**
**under-represented social group**

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

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

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

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**V**
**value chain**

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

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

Note 2: The value chain includes the supply chain.

**vulnerable group**

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

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

Note: Vulnerabilities and impacts can differ by gender.

---

**W**
**worker**

person that performs work for the organization

Examples: employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for suppliers

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

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# GRI 3: Material Topics 2021

EFFECTIVE DATE: 1 JANUARY 2023

**UNIVERSAL STANDARD**

# 3



# GRI 3: Material Topics 2021

## Universal Standard

### Effective date

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

### Responsibility

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

### Due Process

This Standard was developed in the public interest and in accordance with the requirements of the GSSB Due Process Protocol. It has been developed using multi-stakeholder expertise, and with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

### Legal liability

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# Introduction

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

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

The Standard is structured as follows:

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

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

## System of GRI Standards

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

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

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

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

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

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

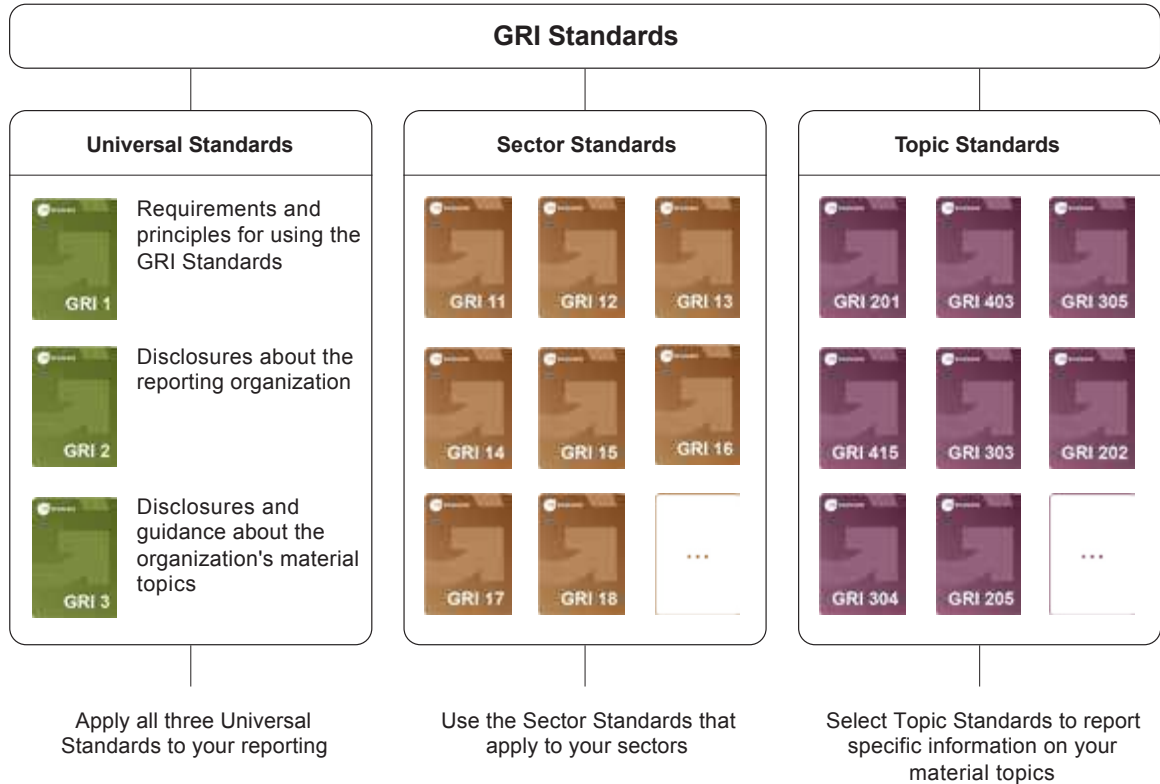
### Sector Standards

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

### Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using [GRI 3](#).

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



## Using this Standard

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

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

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

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

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

### Requirements, guidance and defined terms

The following apply throughout the GRI Standards:

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

Requirements may be accompanied by guidance.

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

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

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

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

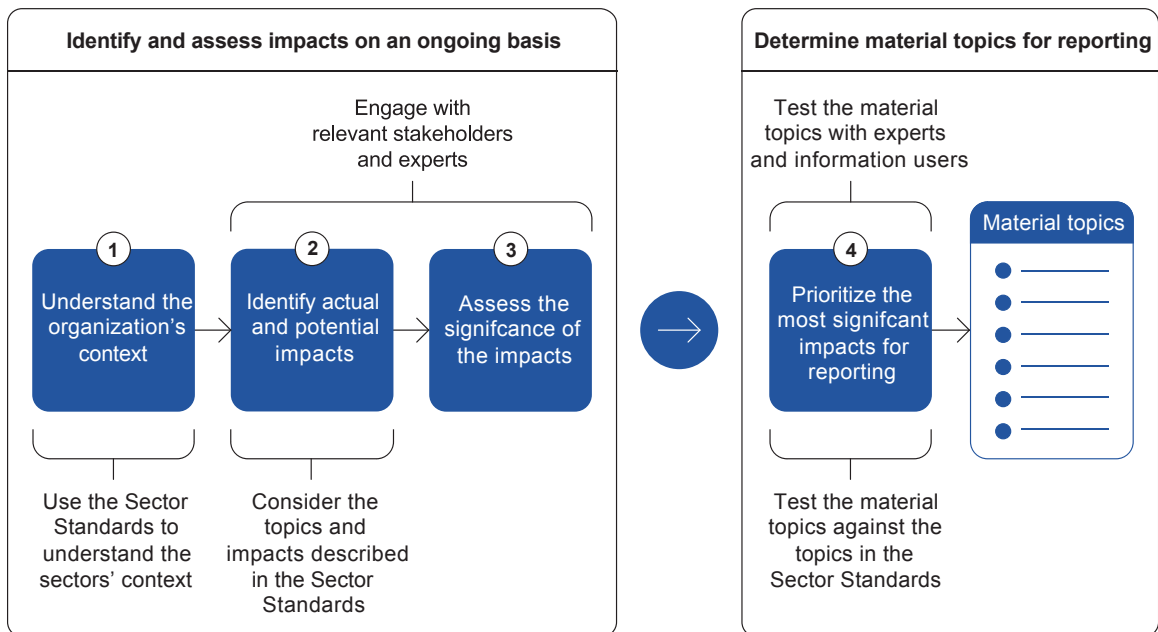


# 1. Guidance to determine material topics

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

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

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

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

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

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

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

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

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

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

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

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

### **Activities**

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

- The organization's purpose, value or mission statements, business model, and strategies.
- The types of activities it carries out (e.g., sales, marketing, manufacturing, distribution) and the geographic locations of these activities.
- The types of products and services it offers and the markets it serves (i.e., the types of customers and beneficiaries targeted, and the geographic locations where products and services are offered).
- The sectors in which the organization is active and their characteristics (e.g., whether they involve informal work, whether they are labor or resource intensive).
- The number of employees, including whether they are full-time, part-time, non-guaranteed hours, permanent or temporary, and their demographic characteristics (e.g., age, gender, geographic location).
- The number of workers who are not employees and whose work is controlled by the organization, including the types of worker (e.g., agency workers, contractors, self-employed persons, volunteers), their contractual relationship with the organization (i.e., whether the organization engages these workers directly or indirectly through a third party), and the work they perform.

### **Business relationships**

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

- The types of business relationships it has (e.g., joint ventures, suppliers, franchisees).

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

#### Sustainability context

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

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

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

#### Stakeholders

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

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

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

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

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

## Step 2. Identify actual and potential impacts

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

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

Further information can be gathered through grievance mechanisms that the organization has established itself, or

that have been established by other organizations. The organization can also use information from broader enterprise risk management systems, provided that these systems identify the organization's impacts on the economy, the environment, and people, in addition to identifying risks for the organization itself. It can also use information from external sources, such as news organizations and civil society organizations.

In addition, the organization should seek to understand the concerns of its stakeholders (see [Box 2](#) in this Standard) and consult internal and external experts, such as civil society organizations or academics.

### **Box 2. Engaging with relevant stakeholders and experts**

The organization should seek to understand the concerns of its stakeholders by consulting them directly in a way that takes into account language and other potential barriers (e.g., cultural differences, gender and power imbalances, divisions within the community). Identifying and removing potential barriers is necessary to ensure that stakeholder engagement is effective.

Engagement with at-risk or vulnerable groups may necessitate specific approaches and call for special attention. Such approaches include removing social barriers that limit the participation of women in public forums and removing physical barriers that prevent remotely located communities from attending a meeting.

The organization should respect the human rights of all stakeholders and other individuals with whom it engages (e.g., their rights to privacy, freedom of expression, and peaceful assembly and protest) and it should protect them against reprisals (i.e., non-retaliation for raising complaints or concerns).

Broad engagement with stakeholders may not be possible in cases that involve many stakeholders or in cases that involve impacts resulting in collective harm. For example, broad engagement may not be possible in the case of corruption, which collectively harms the population of the jurisdiction in which it takes place or greenhouse gas (GHG) emissions, which contribute to collective transboundary harm.

In such cases, the organization may engage with credible stakeholder representatives or proxy organizations (e.g., non-governmental organizations, trade unions). This is also relevant in cases where engaging with individuals could undermine certain rights or collective interests. For example, when considering a decision to restructure or shut down a factory, it may be important for an organization to engage with trade unions to mitigate the employment impacts of the decision. In such a case, engaging with individual workers could undermine the right of workers to form or join trade unions and to bargain collectively.

The degree of impact on stakeholders may inform the degree of engagement. The organization should prioritize the most severely affected or potentially affected stakeholders for engagement.

Where direct consultation is not possible, the organization should consider reasonable alternatives, such as consulting credible independent experts, such as national human rights institutions, human rights and environmental defenders, trade unions, and other members of civil society.

See references [2] and [5] in the [Bibliography](#).

In this step, the organization needs to consider the impacts described in the applicable GRI Sector Standards and determine whether these impacts apply to it.

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

In cases where the organization has limited resources available for identifying its impacts, it should first identify its negative impacts, before identifying positive impacts, to ensure it complies with applicable laws, regulations, and authoritative intergovernmental instruments.

### **Identifying negative impacts**

Identifying actual and potential negative impacts with which the organization is involved or could be involved is the first step of due diligence. The organization should consider actual and potential impacts that it causes or contributes to through its activities, as well as actual and potential impacts that are directly linked to its operations, products, or services by its business relationships (see [Box 3](#) in this Standard).

In some cases, the organization might be unable to identify actual and potential negative impacts across all its activities and business relationships. This could be, for example, because the organization has diverse or multiple global operations or because its value chain comprises many entities. In such cases, the organization may carry out an initial assessment or scoping exercise to identify general areas across its activities and business relationships (e.g., product lines, suppliers located in specific geographic locations) where negative impacts are most likely to be present and significant. Once the organization has conducted the initial assessment or scoping exercise, it can identify and assess actual and potential negative impacts for these general areas.

As part of the initial assessment or scoping exercise, the organization should consider impacts commonly associated with its sectors, its products, geographic locations, or with specific organizations (i.e., impacts associated with a specific entity of the organization, or with an entity it has a business relationship with, such as a poor history of conduct in relation to respecting human rights). It should also consider impacts it has been involved with or knows it is likely to be involved with. In addition to the GRI Sector Standards, the organization can use the *Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct* [2] and the OECD sectoral guidance on due diligence [13] for information on impacts commonly associated with sectors, products, geographic locations, and specific organizations. It can also use reports from governments, environmental agencies, international organizations, civil society organizations, workers' representatives and trade unions, national human rights institutions, media, or other experts.

See references [2], [3], [5] and [13] in the [Bibliography](#).

### Box 3. Causing, contributing, or being directly linked to negative impacts

An organization **'causes'** a negative impact if its activities on their own result in the impact, for example, if the organization pays a bribe to a foreign public official, or if it withdraws water from a water-stressed aquifer without replenishing the water level.

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

An organization can cause or contribute to a negative impact through its actions as well as by failure to take action (e.g., failure to prevent or mitigate a potential negative impact).

Even if an organization does not cause or contribute to a negative impact, its operations, products, or services may be **'directly linked to'** a negative impact by its business relationships. For example, if the organization uses cobalt in its products that is mined using child labor, the negative impact (i.e., child labor) is directly linked to the organization's products through the tiers of business relationships in its supply chain (i.e., through the smelter and minerals trader, to the mining enterprise that uses child labor), even though the organization has not caused or contributed to the negative impact itself. 'Direct linkage' is not defined by the link between the organization and the other entity, and is therefore not limited to direct contractual relationships, such as 'direct sourcing'.

The way the organization is involved with negative impacts determines how it should address the impacts and whether it has a responsibility to provide for or cooperate in their remediation (see [section 2.3 in GRI 1: Foundation 2021](#)).

See references [2] and [5] in the [Bibliography](#). For additional guidance and examples, see the *Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct* [2], pages 70-72, and the United Nations' (UN) *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide* [15], pages 15-18.

### Identifying positive impacts

To identify its actual and potential positive impacts, the organization should assess the manner in which it contributes or could contribute to sustainable development through its activities, for example, through its products, services, investments, procurement practices, employment practices, or tax payments. This also includes assessing how the organization can shape its purpose, business model, and strategies to deliver positive impacts that contribute to the goal of sustainable development.

An example of a positive impact is an organization adopting measures that lower the cost of renewable energy for customers, thereby allowing more customers to switch from using non-renewable energy to renewable energy, and thus contributing to mitigating climate change. Another example is an organization choosing an area with high unemployment to open a new facility so that it can hire and train unemployed members of the local community, and in this way, contribute to job creation and community development.

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

### Step 3. Assess the significance of the impacts

The organization may identify many actual and potential impacts. In this step, the organization assesses the significance of its identified impacts to prioritize them. Prioritization enables the organization to take action to address the impacts and also to determine its material topics for reporting. Prioritizing impacts for action is relevant where it is not feasible to address all impacts at once.

Assessing the significance of the impacts involves quantitative and qualitative analysis. How significant an impact is will be specific to the organization and will be influenced by the sectors in which it operates, and its business relationships, among other factors. In some instances, this may need a subjective decision. The organization should consult with relevant stakeholders (see [Box 2](#) in this Standard) and business relationships to assess the significance of its impacts. The organization should also consult relevant internal or external experts.

#### Assessing the significance of negative impacts

The significance of an actual negative impact is determined by the severity of the impact. The significance of a potential negative impact is determined by the severity and likelihood of the impact.

The combination of the severity and the likelihood of a negative impact can be referred to as 'risk'. The assessment of the significance of the impacts can be included within broader enterprise risk management systems, provided that these systems assess the impacts the organization has on the economy, the environment, and people, in addition to assessing risks for the organization itself.

#### Severity

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

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

The scale of a negative impact (i.e., how grave the impact is) can depend on whether the impact leads to non-compliance with laws and regulations or with authoritative intergovernmental instruments with which the organization is expected to comply. For example, if a negative impact leads to a violation of human rights or fundamental rights at work or to non-compliance with the reductions in greenhouse gas (GHG) emissions to be achieved under the *United Nations (UN) Framework Convention on Climate Change (FCCC) Paris Agreement* [4], the scale of this impact can be considered greater.

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

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

The severity – and therefore the significance – of an impact are not absolute concepts. The severity of an impact

should be assessed in relation to the other impacts of the organization. For example, an organization should compare the severity of the impacts of its GHG emissions against the severity of its other impacts. The organization should not assess the significance of its GHG emissions in relation to global GHG emissions, as that comparison could lead to the misleading conclusion that the organization's emissions are not significant.

See references [2], [3], [4] and [5] in the [Bibliography](#).

#### **Likelihood**

The likelihood of a potential negative impact refers to the chance of the impact happening. The likelihood of an impact can be measured or determined qualitatively or quantitatively. It can be described using general terms (e.g., very likely, likely) or mathematically using probability (e.g., 10 in 100, 10%) or frequency over a given time period (e.g., once every three years).<sup>1</sup>

#### **Human rights**

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

The severity of a negative human rights impact is not limited to physical harm. Highly severe impacts can occur in relation to any human right. For example, interfering with, damaging, or destroying a sacred space without consultation or agreement with the people for whom the space has spiritual importance can have a highly severe impact on their cultural rights.

When prioritizing other types of impacts, such as potential negative environmental impacts, the organization may also choose to prioritize highly severe negative impacts even though they may be less likely to occur.

#### **Assessing the significance of positive impacts**

The significance of an actual positive impact is determined by the scale and scope of the impact. The significance of a potential positive impact is determined by the scale and scope as well as the likelihood of the impact.

#### **Scale and scope**

In the case of positive impacts, the scale of an impact refers to how beneficial the impact is or could be, and the scope refers to how widespread the impact is or could be (e.g., the number of individuals or the extent of environmental resources that are or could be positively affected).

#### **Likelihood**

The likelihood of a potential positive impact refers to the chance of the impact happening. The likelihood of an impact can be measured or determined qualitatively or quantitatively. It can be described using general terms (e.g., very likely, likely) or mathematically using probability (e.g., 10 in 100, 10%) or frequency over a given time period (e.g., once every three years).<sup>2</sup>

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

In this step, to determine its material topics for reporting, the organization prioritizes its impacts based on their significance.

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

The significance of an impact is assessed in relation to the other impacts the organization has identified. The organization should arrange its impacts from most to least significant and define a cut-off point or threshold to determine which of the impacts it will focus its reporting on. The organization should document this threshold. To facilitate prioritization, the organization should group the impacts into topics (see [Box 4](#) in this Standard).

For example, when setting a threshold, the organization first groups its impacts into a number of topics and ranks them, based on their significance, from highest to lowest priority. The organization then needs to determine how many of the topics it will report on, starting with those that have the highest priority. Where to set the threshold is up to the organization. For transparency, the organization can provide a visual representation of the prioritization that shows the initial list of topics it has identified and the threshold it has set for reporting.

The significance of an impact is the sole criterion to determine whether a topic is material for reporting. The

<sup>1</sup> International Organization for Standardization (ISO), *ISO 31000:2018 Risk management – Guidelines*, 2018.

<sup>2</sup> *Ibidem*.

organization cannot use difficulty in reporting on a topic or the fact that it does not yet manage the topic as criteria to determine whether or not to report on the topic. In cases where the organization does not manage a material topic, it can report the reasons for not doing so or any plans to manage the topic to comply with the requirements in [Disclosure 3-3 Management of material topics](#) in this Standard.

While some topics can cover both negative and positive impacts, it may not always be possible to compare the two. Additionally, negative impacts cannot be offset by positive impacts. The organization should therefore prioritize negative impacts separately from positive impacts.

Even if the organization has not prioritized an actual or potential negative impact for reporting, it may still be responsible for addressing the impact in line with applicable laws, regulations, or authoritative intergovernmental instruments. See [section 2.3 in GRI 1: Foundation 2021](#) for more information.

#### **Box 4. Grouping impacts into topics**

Grouping impacts into topics, like 'water and effluents', helps the organization report in a cohesive way about multiple impacts related to the same topic.

The organization can group impacts into topics according to general categories that relate to a business activity, stakeholder category, type of business relationship, or an economic or environmental resource. For example, an organization's activities result in water pollution, which causes negative impacts on both ecosystems and local communities' access to safe drinking water. The organization can group these impacts into the topic of 'water and effluents' as both impacts relate to its use of water.

The organization can refer to the topics in the GRI Topic Standards and the GRI Sector Standards. These topics provide a useful reference for understanding the range of impacts that can be covered in each topic. For impacts or topics that the GRI Standards do not cover, the organization can refer to other sources, such as authoritative intergovernmental instruments or industry standards.

#### **Testing the material topics**

The organization should test its selection of material topics against the topics in the applicable GRI Sector Standards. This helps the organization ensure that it has not overlooked any topics that are likely to be material for its sectors.

The organization should also test its selection of material topics with potential information users and experts who understand the organization or its sectors and have insight into one or more of the material topics. This can help the organization validate the threshold it has set to determine which topics are material to report. Examples of experts the organization can consult are academics, consultants, investors, lawyers, national institutions, and non-governmental organizations.

The organization should seek external assurance to assess the quality and credibility of its process of determining material topics. See [section 5.2 in GRI 1](#) for more information on seeking external assurance.

This testing process results in a list of the organization's material topics.

#### **Approval of the material topics**

The organization's highest governance body should review and approve the list of material topics. If such a body does not exist, the list should be approved by a senior executive or group of senior executives in the organization.

#### **Determining what to report for each material topic**

Once the organization has determined its material topics, it needs to determine what to report for each material topic. See [Requirement 4](#) and [Requirement 5](#) in [GRI 1](#) for information about how to report on material topics.



**Box 5. Using GRI Sector Standards to determine material topics**

The GRI Sector Standards provide information for organizations about their likely material topics. The topics have been identified on the basis of the sectors' most significant impacts, using multi-stakeholder expertise, authoritative intergovernmental instruments, and other relevant evidence.

The organization is required to use the applicable Sector Standards when determining its material topics (see [Requirement 3-b in GRI 1: Foundation 2021](#)). Using the Sector Standards is not a substitute for the process of determining material topics, but an aid. The organization still needs to consider its own specific circumstances when determining its material topics.

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

There can be cases where a topic included in the applicable Sector Standards is not material for the organization. This may be because the organization assesses the specific impacts the topic covers to be absent. It may also be because, compared to other impacts of the organization, the ones that the topic covers are not among the most significant.

For example, an organization in the oil and gas sector is required to use *GRI 11: Oil and Gas Sector 2021* when determining its material topics. One of the topics included in this Sector Standard is land and resource rights. Oil and gas projects often require land for operations, access routes, and distribution. This can lead to impacts such as involuntary resettlement of local communities, which can involve their physical displacement and economic displacement through lost access to resources. However, if the organization's oil and gas projects do not result in these impacts and will not result in these impacts in the future, the organization may determine that the topic of land and resource rights is not a material topic for the organization. In such a case, the reporting organization is required to explain why it has determined that this topic, which is likely to be material for organizations in the oil and gas sector, is not a material topic for the organization.

If any of the topics that are included in the applicable Sector Standards have been determined by the organization as not material, the organization is required to list them in the GRI content index and explain why they are not material (see [Requirement 3-b-ii in GRI 1](#)). This explanation helps information users understand why the organization has determined that topics that are likely to be material for the organization's sectors are not material in its specific circumstances.

A brief explanation in the GRI content index of why the topic is not material is sufficient to comply with [Requirement 3-b-ii in GRI 1](#). In the previous example, the organization could explain that land and resource rights is not a material topic because its existing oil and gas projects are located in uninhabited areas, and there are no plans to start projects in new areas.

## 2. Disclosures on material topics

The disclosures in this section provide information about the organization's material topics, how the organization has determined these topics, and how it manages each material topic. Material topics are topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights. [Section 1](#) of this Standard provides guidance on how to determine material topics and helps in understanding and reporting the disclosures in this section.

### Disclosure 3-1 Process to determine material topics

<b>REQUIREMENTS</b>	<p><b>The organization shall:</b></p> <ol style="list-style-type: none"> <li>a. describe the process it has followed to determine its <u>material topics</u>, including:           <ol style="list-style-type: none"> <li>i. how it has identified actual and potential, negative and positive <u>impacts</u> on the economy, environment, and people, including impacts on their <u>human rights</u>, across its activities and <u>business relationships</u>;</li> <li>ii. how it has prioritized the impacts for reporting based on their significance;</li> </ol> </li> <li>b. specify the <u>stakeholders</u> and experts whose views have informed the process of determining its material topics.</li> </ol>
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<b>GUIDANCE</b>	<p>This disclosure requires information on how the organization has determined its material topics. The list of material topics is reported under <a href="#">Disclosure 3-2</a> in this Standard.</p>
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The organization is required to use the applicable GRI Sector Standards when determining its material topics. If any of the topics that are included in the applicable Sector Standards have been determined by the organization as not material, the organization is required to list them in the GRI content index and explain why they are not material. See [Requirement 5](#) and [Requirement 7](#) in *GRI 1: Foundation 2021* and [Box 5](#) in this Standard for more information.

In the absence of applicable Sector Standards, the organization should explain how it has considered impacts commonly associated with its sectors, and whether any of these impacts have been determined as not material, together with an explanation for why this is the case. The organization should also explain how it has considered impacts commonly associated with its products and geographic locations. See [section 1](#) in this Standard and the Sector Standards for guidance on impacts commonly associated with sectors, products, and geographic locations.

#### **Guidance to 3-1-a-i**

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

The organization should also describe the scope it has defined when identifying the impacts, for example, whether it has identified short-term as well as long-term impacts. The organization should also describe any limitations or exclusions, for example, whether it has excluded business relationships from certain parts of its value chain when identifying the impacts.

[Disclosure 2-12](#) in *GRI 2: General Disclosures 2021* requires information on the role of the highest governance body in overseeing the organization's due diligence and other processes to identify its impacts on the economy, environment, and people.

#### **Guidance to 3-1-a-ii**

The organization should describe how it has assessed the significance of the impacts, including any assumptions and subjective judgments it has made.

The significance of an actual negative impact is determined by the severity of the impact (scale, scope, and irremediable character), while the significance of a potential negative impact is determined by the severity and likelihood of the impact. In the case of potential negative human

rights impacts, the severity of the impact takes precedence over its likelihood.

The significance of an actual positive impact is determined by the scale and scope of the impact, while the significance of a potential positive impact is determined by its scale and scope as well as its likelihood.

See [section 1](#) in this Standard for more guidance on assessing the significance of impacts.

The organization should explain if it has used a different approach to prioritize its impacts, for example, if it has prioritized potential negative environmental impacts based on severity only.

The organization should also describe how it has defined the threshold to determine which topics are material for reporting, and whether it has tested its selection of material topics with potential information users and experts. The organization is required to report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, under [Disclosure 2-14 in GRI 2](#). The organization should explain any changes to its initial selection of material topics following internal approval and testing with potential information users and experts.

For transparency, the organization can provide a visual representation of the prioritization that shows the initial list of topics it has identified and the threshold it has set for reporting.

**Guidance to 3-1-b**

Requirement 3-1-b enables the organization to explain how engagement with stakeholders and experts informs the ongoing identification and assessment of its impacts.

The organization can report whether and how it has prioritized stakeholders for engagement and the methods used to engage with them. It can also report any conflicting interests that have arisen among different stakeholders and how the organization has resolved these conflicting interests.

## Disclosure 3-2 List of material topics

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**REQUIREMENTS**

The organization shall:

- a. list its material topics;
- b. report changes to the list of material topics compared to the previous reporting period.

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**GUIDANCE**

This disclosure requires information on the organization's material topics. The process of determining material topics is reported under [Disclosure 3-1](#) in this Standard.

The organization is required to include the material topics listed under this disclosure in the GRI content index. If the organization has determined any of the topics included in the applicable Sector Standards as not material, then the organization is required to list them in the content index and explain why they are not material. See [Requirement 5](#) and [Requirement 7](#) in *GRI 1: Foundation 2021* for more information.

**Guidance to 3-2-a**

The organization can group material topics by relevant categories if this helps communicate its impacts. For example, the organization can indicate which of its material topics represent its negative human rights impacts.

**Guidance to 3-2-b**

Requirement 3-2-b enables the organization to explain why a topic that it determined as material in the previous reporting period is no longer considered to be material or why a new topic has been determined as material for the current reporting period.

## Disclosure 3-3 Management of material topics

### REQUIREMENTS

For each material topic reported under [Disclosure 3-2](#), the organization shall:

- a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;
- b. report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;
- c. describe its policies or commitments regarding the material topic;
- d. describe actions taken to manage the topic and related impacts, including:
  - i. actions to prevent or mitigate potential negative impacts;
  - ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;
  - iii. actions to manage actual and potential positive impacts;
- e. report the following information about tracking the effectiveness of the actions taken:
  - i. processes used to track the effectiveness of the actions;
  - ii. goals, targets, and indicators used to evaluate progress;
  - iii. the effectiveness of the actions, including progress toward the goals and targets;
  - iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures;
- f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).

### GUIDANCE

This disclosure requires the organization to explain how it manages each of its material topics. This means that the organization is required to report this disclosure for each of its material topics. The requirements in this disclosure apply to every material topic.

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

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

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

If the organization does not manage a material topic, it can comply with the requirements under this disclosure by explaining the reasons for not managing the topic or describing any plans to manage it.

#### Guidance to 3-3-a

Requirement 3-3-a enables the organization to indicate if a topic is material because of negative impacts, positive impacts, or both. It does not require a list of all the impacts identified or a detailed description of the impacts. Instead, the organization can provide a high-level overview of the impacts it has identified.

**Describing negative impacts**

The organization can describe:

- whether the negative impacts are actual or potential;
- the time frame of the negative impacts (i.e., whether the negative effects are short-term or long-term and when they are likely to arise);
- whether the negative impacts are systemic (e.g., child labor or forced labor in countries where the organization operates or sources materials from) or are related to individual incidents (e.g., an oil spill);
- the economic resources, environmental resources, and stakeholders (without identifying specific individuals) that are negatively affected or could be negatively affected, including their geographic location.

Reporting information about negative impacts can help the organization demonstrate that it recognizes these impacts and has taken action or intends to address them. The organization may have concerns about reporting information about negative impacts even if these impacts are publicly known. In cases where negative impacts are publicly known, failure to acknowledge these impacts and to explain how they are being addressed could have consequences for the organization financially, operationally, or reputationally. If the organization is unable to disclose specific information (e.g., because of stakeholders' right to privacy), it can provide the information in aggregated or anonymized form, or it can make a reference to the impacts commonly associated with its sectors, its products, or geographic locations. [11]

**Describing positive impacts**

The organization can describe:

- whether the positive impacts are actual or potential;
- the time frame of the positive impacts (i.e., whether the positive effects are short-term or long-term and when they are likely to arise);
- the activities that result in the positive impacts (e.g., products, services, investments, procurement practices);
- the economic resources, environmental resources, and stakeholders (without identifying specific individuals) that are positively affected or could be positively affected, including their geographic location.

**Guidance to 3-3-b**

The way the organization is involved with negative impacts determines how it should address the impacts and whether it has a responsibility to provide for or cooperate in their remediation (see [section 2.3 in GRI 1: Foundation 2021](#)). Requirement 3-3-b provides contextual information that aids an understanding of the actions taken by the organization to manage its negative impacts. The actions taken are reported under 3-3-d-i and 3-3-d-ii.

Under requirement 3-3-b, the organization is required to report whether it is involved with the negative impacts through its activities or as a result of its business relationships. Where possible, the organization should also report:

- whether it is or could be causing or contributing to the negative impacts through its activities; or
- whether the impacts are or could be directly linked to its operations, products, or services by its business relationships even if it has not contributed to them.

See [Box 3](#) in this Standard for more information on causing, contributing, or being directly linked to negative impacts.

Under requirement 3-3-b, the organization is also required to describe the activities or business relationships. This enables the organization to indicate if the impacts related to a material topic are widespread in the organization's activities or business relationships, or if the impacts concern specific activities or business relationships.

If the impacts concern specific activities, the organization should describe the types of activities (e.g., manufacturing, retail) and their geographic location. If the impacts concern specific business relationships, the organization should describe the types of business relationships (e.g., suppliers of raw materials, franchisees), their position in the value chain, and their geographic location.

For example, if the organization has identified that its activities at specific sites could cause water pollution, it should describe the types of activities carried out at these sites and the geographic location of these sites. Or, if the organization has identified that it is directly linked to child labor by the business relationships in its supply chain, it should specify the types of suppliers using child labor (e.g., sub-contractors doing embroidery work for the organization's products) and the geographic location of these suppliers.

The organization can provide additional contextual information for understanding the extent of its impacts. Adding to the previous examples, the organization can report how many of its sites could cause water pollution (e.g., 60% of sites, five out of 12 sites) or the proportion of production these sites represent, or it can report the estimated number of sub-contractors using child labor that do embroidery work for the organization.

#### **Guidance to 3-3-c**

Requirement 3-3-c entails describing the policies or commitments the organization has developed specifically for the topic, in addition to the policy commitments reported under Disclosure 2-23 in *GRI 2: General Disclosures 2021*. If the organization has described its policies for a material topic under Disclosure 2-23, it can provide a reference to this information under 3-3-c and does not need to repeat the information. See Disclosure 2-23 in *GRI 2* for guidance on how to report information about policies.

When reporting its commitments regarding the material topic, the organization should provide a statement of intent to manage the topic or explain:

- the organization's stance on the topic;
- whether the commitment to manage the topic is based on regulatory compliance or extends beyond it;
- compliance with authoritative intergovernmental instruments related to the topic.

#### **Guidance to 3-3-d**

Requirement 3-3-d enables the organization to explain how it responds to its impacts. It does not require a detailed description of actions taken in relation to each impact. Instead, the organization can provide a high-level overview of how it manages its impacts.

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

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

[Disclosure 2-12](#) and [Disclosure 2-13](#) in *GRI 2* require information on the role of the highest governance body in overseeing the management of the organization's impacts and on how it delegates responsibility for this.

The organization should also report how it manages actual impacts identified in previous reporting periods and which it continues to manage during the current reporting period.

#### **Guidance to 3-3-d-i**

The organization should report:

- examples of actions taken to prevent or mitigate potential negative impacts (e.g., adaptation/modification measures, facility upgrading, training, red-flag systems);
- approaches taken to prevent or mitigate systemic negative impacts;
- how the organization applies the precautionary principle, including:
  - how the organization proactively informs the public about potential negative impacts of its activities, products, and services, and how it deals with related questions and complaints;
  - the organization's support or contribution to scientific research related to evaluating potential negative impacts of its activities, products, and services;
  - the organization's participation in collaborative efforts to share knowledge and to prevent negative impacts of its activities, products, and services;
- how the organization uses or increases its leverage to motivate its business relationships to prevent or mitigate potential negative impacts. For example, whether the organization uses

- or increases its leverage by enforcing contractual requirements, implements incentives such as future orders, provides training and support, or actively collaborates with other actors to motivate its business relationships to prevent or mitigate potential negative impacts;
- whether the organization has terminated a business relationship because it lacks the leverage to prevent or mitigate potential negative impacts and, if so, whether it has assessed if terminating the relationship could itself result in negative impacts.

See [Guidance to 2-23-a-iii in GRI 2](#) for more information on 'precautionary principle'.

#### **Guidance to 3-3-d-ii**

The organization should report:

- examples of actions taken to remediate actual negative impacts, including examples of specific remedies or types of remedy provided;
- how grievance mechanisms or other remediation processes (reported under [Disclosure 2-25 in GRI 2](#)) have made it possible for actual negative impacts to be remediated.

See [Disclosure 2-25 in GRI 2](#) for more information on processes to remediate negative impacts.

#### **Guidance to 3-3-e**

Requirement 3-3-e enables the organization to report information about the effectiveness of its actions to manage its impacts. Tracking the effectiveness of its actions is necessary for an organization to learn if its policies and processes are being implemented optimally. It is also necessary for knowing if it has responded effectively to its impacts and to drive continuous improvement.

The organization should also report information about the effectiveness of its actions to manage actual impacts from previous reporting periods. This applies in cases where the organization has assessed the effectiveness of these actions or derived lessons during the current reporting period.

#### **Guidance to 3-3-e-i**

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

#### **Guidance to 3-3-e-ii**

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

- how the goals and targets are set;
- whether and how the goals and targets take into account the sustainability context in which the impacts take place (e.g., sustainable development goals and conditions, the limits and demands placed on environmental resources). See the [Sustainability context principle in GRI 1](#) for more information;
- whether the goals and targets are informed by expectations in authoritative intergovernmental instruments and, where relevant, by scientific consensus;
- whether goals and targets are mandatory (based on legislation) or voluntary. If they are mandatory, the organization can list the relevant legislation;
- the organization's activities or business relationships to which the goals and targets apply;
- the baseline for the goals and targets;
- the timeline for achieving the goals and targets.

Targets can be qualitative (e.g., implementing a management system by a certain date) or quantitative (e.g., reducing greenhouse gas [GHG] emissions by a certain percentage by a certain date).

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

#### **Guidance to 3-3-e-iii**

Requirement 3-3-e-iii enables the organization to show the extent to which the actions taken have been effective. Information on the effectiveness of the actions can be obtained, for example,



from the outcomes of internal or external auditing or verification, data collected through measurement systems, and stakeholder feedback. The organization should show that there is a credible link between the specific action taken by the organization and the effective management of impacts.

For example, to show the effectiveness of its actions to support its suppliers with improving their working conditions, the organization can report survey feedback from the suppliers' workers showing that working conditions have improved. Additional information the organization can provide includes data showing a decrease in the number of incidents identified through independent audits.

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

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

**Guidance to 3-3-e-iv**

Managing impacts is typically an ongoing process requiring continuous improvement based on learning from practice.

The organization is not required to provide a detailed description of lessons learned in relation to each material topic. Instead, the organization can provide examples to show how it incorporates lessons learned to manage impacts more successfully in the future.

For example, the organization can briefly describe lessons learned that have led to changes in its policies or practices (e.g., training for workers, giving additional attention to the performance of suppliers), or that have led to plans for changes that will manage impacts more successfully in the future.

Lessons learned may be derived from the organization's own processes (e.g., root cause analysis), from its business relationships, or from stakeholder or expert feedback.

**Guidance to 3-3-f**

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

## Glossary

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

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

- 
- B**
- business partner**  
entity with which the organization has some form of direct and formal engagement for the purpose of meeting its business objectives
- Source: Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015; modified
- Examples: affiliates, business-to-business customers, clients, first-tier suppliers, franchisees, joint venture partners, investee companies in which the organization has a shareholding position
- Note: Business partners do not include subsidiaries and affiliates that the organization controls.
- business relationships**  
relationships that the organization has with business partners, with entities in its value chain including those beyond the first tier, and with any other entities directly linked to its operations, products, or services
- Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011; modified
- Note: Examples of other entities directly linked to the organization’s operations, products, or services are a non-governmental organization with which the organization delivers support to a local community or state security forces that protect the organization’s facilities.
- 
- C**
- child**  
person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher
- Note 1: Exceptions can occur in certain countries where economies and educational facilities are insufficiently developed, and a minimum age of 14 years applies. These countries of exception are specified by the International Labour Organization (ILO) in response to a special application by the country concerned and in consultation with representative organizations of employers and workers.
- Note 2: The ILO *Minimum Age Convention*, 1973, (No. 138), refers to both child labor and young workers.
- 
- D**
- due diligence**  
process to identify, prevent, mitigate, and account for how the organization addresses its actual and potential negative impacts
- Source: Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011; modified  
United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework*, 2011; modified
- Note: See [section 2.3 in GRI 1: Foundation 2021](#) for more information on ‘due diligence’.
- 
- E**
- employee**  
individual who is in an employment relationship with the organization according to national law

or practice

---

## F

### full-time employee

employee whose working hours per week, month, or year are defined according to national law or practice regarding working time

---

## G

### governance body

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

### grievance

perceived injustice evoking an individual's or a group's sense of entitlement, which may be based on law, contract, explicit or implicit promises, customary practice, or general notions of fairness of aggrieved communities

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

### grievance mechanism

routinized process through which grievances can be raised and remedy can be sought

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

Note: See [Guidance to Disclosure 2-25 in GRI 2: General Disclosures 2021](#) for more information on 'grievance mechanism'.

---

## H

### highest governance body

governance body with the highest authority in the organization

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

### human rights

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*

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

Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on 'human rights'.

---

## I

### impact

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

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See section 2.1 in [GRI 1: Foundation 2021](#) for more information on 'impact'.

### indigenous peoples

indigenous peoples are generally identified as:

- tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is

regulated wholly or partially by their own customs or traditions or by special laws or regulations;

- peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonization or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.

Source: International Labour Organization (ILO), *Indigenous and Tribal Peoples Convention*, 1989 (No. 169)

---

## L

### local community

individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities

Note: The local community can range from those living adjacent to the organization's operations to those living at a distance.

---

## M

### material topics

topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights

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'.

### mitigation

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

Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

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.

---

## N

### non-guaranteed hours employee

employee who is not guaranteed a minimum or fixed number of working hours per day, week, or month, but who may need to make themselves available for work as required

Source: ShareAction, *Workforce Disclosure Initiative Survey Guidance Document*, 2020; modified

Examples: casual employees, employees with zero-hour contracts, on-call employees

---

## P

### part-time employee

employee whose working hours per week, month, or year are less than the number of working hours for full-time employees

### permanent employee

employee with a contract for an indeterminate period (i.e., indefinite contract) for full-time or part-time work

---

## R

### remedy / remediation

means to counteract or make good a negative impact or provision of remedy

Source: United Nations (UN), *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, 2012; modified

Examples: apologies, financial or non-financial compensation, prevention of harm through injunctions or guarantees of non-repetition, punitive sanctions (whether criminal or administrative, such as fines), restitution, restoration, rehabilitation

### reporting period

specific time period covered by the reported information

Examples: fiscal year, calendar year

---

## S

### senior executive

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

### severity (of an impact)

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

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

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

### stakeholder

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

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

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

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

### supplier

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

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

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

### supply chain

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

### sustainable development / sustainability

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

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

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

---

## T

### temporary employee

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

---

## V

### value chain

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

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

Note 2: The value chain includes the supply chain.

**vulnerable group**

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

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

Note: Vulnerabilities and impacts can differ by gender.

---

**W**

**worker**

person that performs work for the organization

Examples: employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for suppliers

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

## Bibliography

This section lists authoritative intergovernmental instruments and additional references used in developing this Standard, as well as resources that can be consulted the organization.

### Authoritative instruments:

1. International Labour Organization (ILO), *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*, 2017.
2. Organisation for Economic Co-operation and Development (OECD), *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.
3. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
4. United Nations (UN), *Framework Convention on Climate Change (FCCC) Paris Agreement*, 2015.
5. United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011.
6. United Nations (UN), *International Bill of Human Rights*:
  - 6.1 United Nations (UN), *Universal Declaration of Human Rights*, 1948.
  - 6.2 United Nations (UN), *International Covenant on Civil and Political Rights*, 1966.
  - 6.3 United Nations (UN), *International Covenant on Economic, Social, and Cultural Rights*, 1966.
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8. United Nations (UN), *Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises, John Ruggie*, 2011.
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10. United Nations (UN) *Resolution, Transforming our world: the 2030 Agenda for Sustainable Development*, 2015 (A/RES/70/1).

### Additional references:

11. Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015.

### Resources:

12. Castan Centre for Human Rights Law, Office of the United Nations High Commissioner for Human Rights (OHCHR), and United Nations Global Compact, *Human Rights Translated 2.0: A Business Reference Guide*, 2017.
13. Organisation for Economic Co-operation and Development (OECD), sectoral guidance, <http://mneguidelines.oecd.org/sectors/>, accessed on 7 May 2021.
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# GRI 302: Energy 2016

EFFECTIVE DATE: 1 JULY 2018

TOPIC STANDARD

# 302



# GRI 302: Energy 2016

## Topic Standard

### **Effective date**

This Standard is effective for reports or other materials published on or after 1 July 2018.

### **Responsibility**

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

### **Due Process**

This Standard was developed in the public interest and in accordance with the requirements of the GSSB Due Process Protocol. It has been developed using multi-stakeholder expertise, and with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

### **Legal liability**

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# Introduction

*GRI 302: Energy 2016* contains disclosures for organizations to report information about their energy-related impacts, and how they manage these impacts.

The Standard is structured as follows:

- [Section 1](#) contains a requirement, which provides information about how the organization manages its energy-related impacts.
- [Section 2](#) contains five disclosures, which provide information about the organization's energy-related impacts.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists references used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses the topic of energy.

An organization can consume energy in various forms, such as fuel, electricity, heating, cooling or steam. Energy can be self-generated or purchased from external sources and it can come from renewable sources (such as wind, hydro or solar) or from non-renewable sources such as coal, petroleum or natural gas).

Using energy more efficiently and opting for renewable energy sources is essential for combating climate change and for lowering an organization's overall environmental footprint.

Energy consumption can also occur throughout the upstream and downstream activities connected with an organization's operations. This can include consumers' use of products the organization sells, and the end-of-life treatment of these products.

## System of GRI Standards

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

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

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

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

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

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

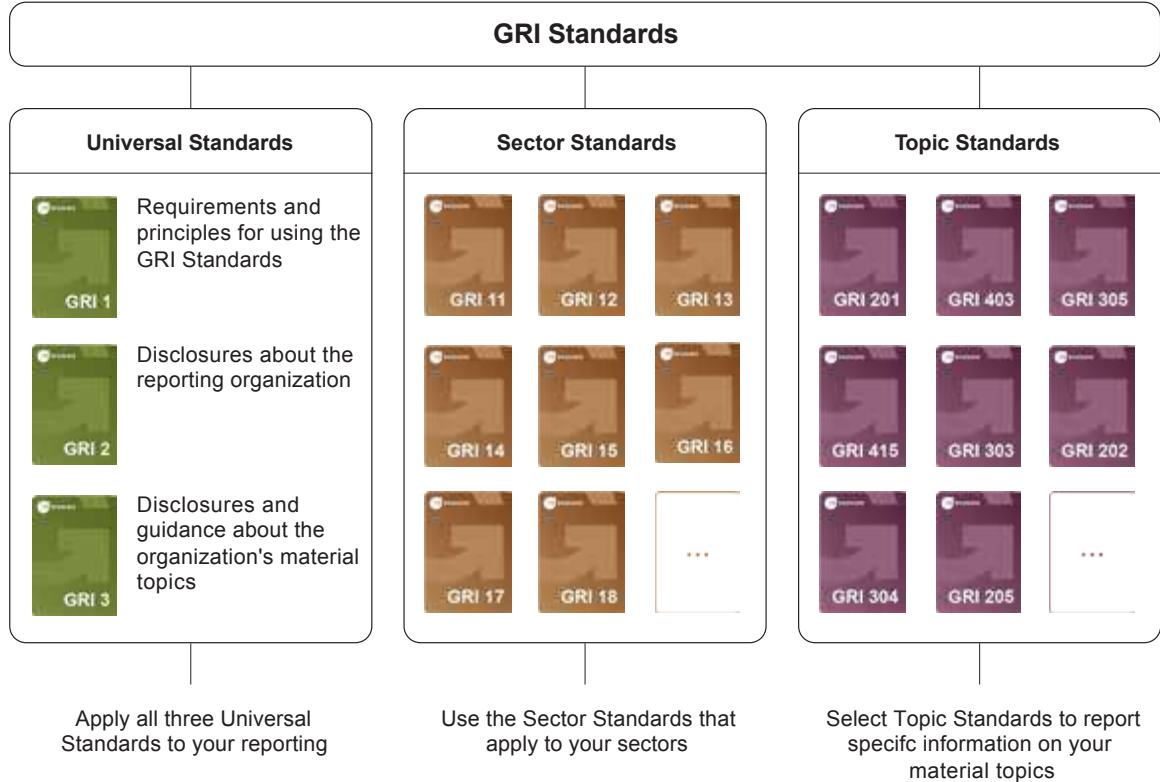
### Sector Standards

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

### Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using [GRI 3](#).

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



### Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its energy-related impacts.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined energy to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's energy-related impacts (Disclosure 302-1 through Disclosure 302-5).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

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

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

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

**Requirements, guidance and defined terms**

The following apply throughout this Standard:

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

Requirements may be accompanied by guidance.

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

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

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

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

# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its [material topics](#).

An organization that has determined energy to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section).

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

**REQUIREMENTS** 1.1 **The reporting organization shall report how it manages energy using [Disclosure 3-3 in GRI 3: Material Topics 2021](#).**

**GUIDANCE** The reporting organization can also explain whether it is subject to any country, regional, or industry-level energy regulations and policies. Additionally, it can provide examples of these regulations and policies.

## 2. Topic disclosures

### Disclosure 302-1 Energy consumption within the organization

**REQUIREMENTS**

The reporting organization shall report the following information:

- a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.
- b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.
- c. In joules, watt-hours or multiples, the total:
  - i. electricity consumption
  - ii. heating consumption
  - iii. cooling consumption
  - iv. steam consumption
- d. In joules, watt-hours or multiples, the total:
  - i. electricity sold
  - ii. heating sold
  - iii. cooling sold
  - iv. steam sold
- e. Total energy consumption within the organization, in joules or multiples.
- f. Standards, methodologies, assumptions, and/or calculation tools used.
- g. Source of the conversion factors used.

**Compilation requirements**

- 2.1 When compiling the information specified in Disclosure 302-1, the reporting organization shall:
  - 2.1.1 avoid the double-counting of fuel consumption, when reporting self-generated energy consumption. If the organization generates electricity from a non-renewable or renewable fuel source and then consumes the generated electricity, the energy consumption shall be counted once under fuel consumption;
  - 2.1.2 report fuel consumption separately for non-renewable and renewable fuel sources;
  - 2.1.3 only report energy consumed by entities owned or controlled by the organization;
  - 2.1.4 calculate the total energy consumption within the organization in joules or multiples using the following formula:

Total energy consumption within the organization	=	Non-renewable fuel consumed
	+	Renewable fuel consumed
	+	Electricity, heating, cooling, and steam purchased for consumption
	+	Self-generated electricity, heating, cooling, and steam, which are not consumed (see clause 2.1.1)
	-	Electricity, heating, cooling, and steam sold



**RECOMMENDATIONS**

- 2.2 When compiling the information specified in Disclosure 302-1, the reporting organization should:
- 2.2.1 apply conversion factors consistently for the data disclosed;
  - 2.2.2 use local conversion factors to convert fuel to joules, or multiples, when possible;
  - 2.2.3 use the generic conversion factors, when local conversion factors are unavailable;
  - 2.2.4 if subject to different standards and methodologies, describe the approach to selecting them;
  - 2.2.5 report energy consumption for a consistent group of entities. When possible, the group of entities should also be consistent with the group of entities used in [Disclosures 305-1](#) and [305-2](#) of *GRI 305: Emissions 2016*;
  - 2.2.6 where it aids transparency or comparability over time, provide a breakdown of energy consumption data by:
    - 2.2.6.1 business unit or facility;
    - 2.2.6.2 country;
    - 2.2.6.3 type of source (see definitions for the listing of non-renewable sources and renewable sources);
    - 2.2.6.4 type of activity.

**GUIDANCE****Background**

For some organizations, electricity is the only significant form of energy they consume. For others, energy sources such as steam or water provided from a district heating plant or chilled water plant can also be important.

Energy can be purchased from sources external to the organization or produced by the organization itself (self-generated).

Non-renewable fuel sources can include fuel for combustion in boilers, furnaces, heaters, turbines, flares, incinerators, generators and vehicles that are owned or controlled by the organization. Non-renewable fuel sources cover fuels purchased by the organization. They also include fuel generated by the organization's activities – such as mined coal, or gas from oil and gas extraction.

Renewable fuel sources can include biofuels, when purchased for direct use, and biomass in sources owned or controlled by the organization.

Consuming non-renewable fuels is usually the main contributor to direct (Scope 1) GHG emissions, which are reported in [Disclosure 305-1 of GRI 305: Emissions 2016](#). Consuming purchased electricity, heating, cooling, and steam contributes to the organization's energy indirect (Scope 2) GHG emissions, which are reported in [Disclosure 305-2 of GRI 305: Emissions 2016](#).

## Disclosure 302-2 Energy consumption outside of the organization

### REQUIREMENTS

The reporting organization shall report the following information:

- a. Energy consumption outside of the organization, in joules or multiples.
- b. Standards, methodologies, assumptions, and/or calculation tools used.
- c. Source of the conversion factors used.

### Compilation requirements

**2.3 When compiling the information specified in Disclosure 302-2, the reporting organization shall exclude energy consumption reported in Disclosure 302-1.**

### RECOMMENDATIONS

2.4 When compiling the information specified in Disclosure 302-2, the reporting organization should:

- 2.4.1 if subject to different standards and methodologies, describe the approach to selecting them;
- 2.4.2 list energy consumption outside of the organization, with a breakdown by upstream and downstream categories and activities.

### GUIDANCE

#### Guidance for Disclosure 302-2

The reporting organization can identify energy consumption outside of the organization by assessing whether an activity's energy consumption:

- contributes significantly to the organization's total anticipated energy consumption outside of the organization;
- offers potential for reductions the organization can undertake or influence;
- contributes to climate change-related risks, such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks;
- is deemed material by stakeholders, such as customers, suppliers, investors, or civil society;
- results from outsourced activities previously performed in-house, or that are typically performed in-house by other organizations in the same sector;
- has been identified as significant for the organization's sector;
- meets any additional criteria for determining relevance, developed by the organization or by organizations in its sector.

The organization can use the following upstream and downstream categories and activities from the 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard' for identifying relevant energy consumption outside of the organization (see reference [2] in the [Bibliography](#)):

#### **Upstream categories**

1. Purchased goods and services
2. Capital goods
3. Fuel- and energy-related activities (not included in Disclosure 302-1)
4. Upstream transportation and distribution
5. Waste generated in operations
6. Business travel
7. Employee commuting
8. Upstream leased assets
- Other upstream

#### **Downstream categories**

1. Downstream transportation and distribution
2. Processing of sold products
3. Use of sold products

4. End-of-life treatment of sold products
5. Downstream leased assets
6. Franchises
7. Investments
- Other downstream

For each of these categories and activities, the organization can calculate or estimate the amount of energy consumed.

The organization can report energy consumption separately for non-renewable sources and renewable sources.

**Background**

Energy consumption can occur outside an organization, i.e., throughout the organization's upstream and downstream activities associated with its operations.

This can include consumers' use of products the organization sells, and the end-of-life treatment of products.

Quantifying energy consumption outside of the organization can provide a basis for calculating some of the relevant other indirect (Scope 3) GHG emissions in [Disclosure 305-3 of GRI 305: Emissions 2016](#).

## Disclosure 302-3 Energy intensity

### REQUIREMENTS

The reporting organization shall report the following information:

- a. Energy intensity ratio for the organization.
- b. Organization-specific metric (the denominator) chosen to calculate the ratio.
- c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all.
- d. Whether the ratio uses energy consumption within the organization, outside of it, or both.

#### Compilation requirements

- 2.5 When compiling the information specified in Disclosure 302-3, the reporting organization shall:
  - 2.5.1 calculate the ratio by dividing the absolute energy consumption (the numerator) by the organization-specific metric (the denominator);
  - 2.5.2 if reporting an intensity ratio both for the energy consumed within the organization and outside of it, report these intensity ratios separately.

### RECOMMENDATIONS

- 2.6 When compiling the information specified in Disclosure 302-3, the reporting organization should, where it aids transparency or comparability over time, provide a breakdown of the energy intensity ratio by:
  - 2.6.1 business unit or facility;
  - 2.6.2 country;
  - 2.6.3 type of source (see definitions for the listing of non-renewable sources and renewable sources);
  - 2.6.4 type of activity.

### GUIDANCE

#### Guidance for Disclosure 302-3

Intensity ratios can be provided for, among others:

- products (such as energy consumed per unit produced);
- services (such as energy consumed per function or per service);
- sales (such as energy consumed per monetary unit of sales).

Organization-specific metrics (denominators) can include:

- units of product;
- production volume (such as metric tons, liters, or MWh);
- size (such as m<sup>2</sup> floor space);
- number of full-time employees;
- monetary units (such as revenue or sales).

#### Background

Energy intensity ratios define energy consumption in the context of an organization-specific metric.

These ratios express the energy required per unit of activity, output, or any other organization-specific metric. Intensity ratios are often called normalized environmental impact data.

In combination with the organization's total energy consumption, reported in Disclosures 302-1 and 302-2, energy intensity helps to contextualize the organization's efficiency, including in relation to other organizations.

See references [1] and [3] in the [Bibliography](#).

## Disclosure 302-4 Reduction of energy consumption

### REQUIREMENTS

The reporting organization shall report the following information:

- a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.
- b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.
- c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.
- d. Standards, methodologies, assumptions, and/or calculation tools used.

### Compilation requirements

- 2.7 When compiling the information specified in Disclosure 302-4, the reporting organization shall:
  - 2.7.1 exclude reductions resulting from reduced production capacity or outsourcing;
  - 2.7.2 describe whether energy reduction is estimated, modeled, or sourced from direct. If estimation or modeling is used, the organization shall disclose the methods used.

### RECOMMENDATIONS

- 2.8 When compiling the information specified in Disclosure 302-4, the reporting organization should, if subject to different standards and methodologies, describe the approach to selecting them.

### GUIDANCE

#### Guidance for Disclosure 302-4

The reporting organization can prioritize disclosing reduction initiatives that were implemented in the reporting period, and that have the potential to contribute significantly to reductions. The organization can describe reduction initiatives and their targets when reporting how it manages this topic.

Reduction initiatives can include:

- process redesign;
- conversion and retrofitting of equipment;
- changes in behavior;
- operational changes.

The organization can report reductions in energy consumption by combining energy types, or separately for fuel, electricity, heating, cooling, and steam.

The organization can also provide a breakdown of reductions in energy consumption by individual initiatives or groups of initiatives.

## Disclosure 302-5 Reductions in energy requirements of products and services

---

**REQUIREMENTS**

The reporting organization shall report the following information:

- a. **Reductions in energy** requirements of sold products and services achieved during the reporting period, in joules or multiples.
- b. **Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.**
- c. **Standards, methodologies, assumptions, and/or calculation tools used.**

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**RECOMMENDATIONS**

- 2.9 When compiling the information specified in Disclosure 302-5, the reporting organization should:
  - 2.9.1 if subject to different standards and methodologies, describe the approach to selecting them;
  - 2.9.2 refer to industry use standards to obtain this information, where available (such as fuel consumption of cars for 100 km at 90 km/h).

---

**GUIDANCE****Guidance for Disclosure 302-5**

Use-oriented figures can include, for example, the energy requirements of a car or a computer.

Consumption patterns can include, for example, 10 percent less energy use per 100 km travelled or per time unit (hour, average working day).

## Glossary

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

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

<b>B</b>	<p><b>base year</b> historical datum (such as year) against which a measurement is tracked over time</p> <p><b>baseline</b> starting point used for comparisons</p> <p>Note: In the context of energy and emissions reporting, the baseline is the projected energy consumption or emissions in the absence of any reduction activity.</p>
<b>C</b>	<p><b>conservation and efficiency initiative</b> organizational or technological modification that allows a defined process or task to be carried out using less energy</p> <p>Examples: conversion and retrofitting of equipment such as energy-efficient lighting, elimination of unnecessary energy use due to changes in behavior, process redesign</p>
<b>E</b>	<p><b>energy reduction</b> amount of energy no longer used or needed to carry out the same processes or tasks</p> <p>Note: Energy reduction does not include overall reduction in energy consumption from reducing production capacity or outsourcing organizational activities.</p>
<b>H</b>	<p><b>human rights</b> rights inherent to all human beings, which include, at a minimum, the rights set out in the <i>United Nations (UN) International Bill of Human Rights</i> and the principles concerning fundamental rights set out in the <i>International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work</i></p> <p>Source: United Nations (UN), <i>Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework</i>, 2011; modified</p> <p>Note: See <a href="#">Guidance to 2-23-b-i in GRI 2: General Disclosures 2021</a> for more information on ‘human rights’.</p>
<b>I</b>	<p><b>impact</b> effect the organization has or could have on the economy, environment, and people, including on their <u>human rights</u>, which in turn can indicate its contribution (negative or positive) to <u>sustainable development</u></p> <p>Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.</p> <p>Note 2: See section 2.1 in <a href="#">GRI 1: Foundation 2021</a> for more information on ‘impact’.</p>
<b>M</b>	<p><b>material topics</b> topics that represent the organization’s most significant <u>impacts</u> on the economy, environment, and people, including impacts on their <u>human rights</u></p> <p>Note: See <a href="#">section 2.2 in GRI 1: Foundation 2021</a> and <a href="#">section 1 in GRI 3: Material Topics 2021</a> for more information on ‘material topics’.</p>
<b>N</b>	<p><b>non-renewable energy source</b> energy source that cannot be replenished, reproduced, grown or generated in a short time</p>

period through ecological cycles or agricultural processes

Examples: coal; fuels distilled from petroleum or crude oil, such as gasoline, diesel fuel, jet fuel, and heating oil; fuels extracted from natural gas processing and petroleum refining, such as butane, propane, and liquefied petroleum gas (LPG); natural gas, such as compressed natural gas (CNG), and liquefied natural gas (LNG); nuclear power

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**R****renewable energy source**

energy source that is capable of being replenished in a short time through ecological cycles or agricultural processes

Examples: biomass, geothermal, hydro, solar, wind

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**S****sustainable development / sustainability**

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

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

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.



## Bibliography

This section lists references used in developing this Standard.

### References:

1. World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), 'GHG Protocol Corporate Accounting and Reporting Standard', Revised Edition, 2004.
2. World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard', 2011.
3. World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), 'Greenhouse Gas Protocol Accounting Notes, No. 1, Accounting and Reporting Standard Amendment', 2012.



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# GRI 305: Emissions 2016

EFFECTIVE DATE: 1 JULY 2018

TOPIC STANDARD

# 305



# GRI 305: Emissions 2016

## Topic Standard

### **Effective date**

This Standard is effective for reports or other materials published on or after 1 July 2018.

### **Responsibility**

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

### **Due Process**

This Standard was developed in the public interest and in accordance with the requirements of the GSSB Due Process Protocol. It has been developed using multi-stakeholder expertise, and with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

### **Legal liability**

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# Introduction

*GRI 305: Emissions 2016* contains disclosures for organizations to report information about their emissions-related impacts, and how they manage these impacts.

The Standard is structured as follows:

- [Section 1](#) contains requirements, which provide information about how the organization manages its emissions-related impacts.
- [Section 2](#) contains seven disclosures, which provide information about the organization's emissions-related impacts.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments and additional references used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses emissions into air, which are the discharge of substances from a source into the atmosphere. Types of emissions include: greenhouse gas (GHG), ozone-depleting substances (ODS), and nitrogen oxides (NO<sub>x</sub>) and sulfur oxides (SO<sub>x</sub>), among other significant air emissions.

### GHG emissions

GHG emissions are a major contributor to climate change and are governed by the United Nations (UN) 'Framework Convention on Climate Change' and the subsequent UN 'Kyoto Protocol'.

This Standard covers the following GHGs:

- Carbon dioxide (CO<sub>2</sub>)
- Methane (CH<sub>4</sub>)
- Nitrous oxide (N<sub>2</sub>O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF<sub>6</sub>)
- Nitrogen trifluoride (NF<sub>3</sub>)

Some GHGs, including methane, are also air pollutants that have significant negative impacts on ecosystems, air quality, agriculture, and human and animal health.

As a result, different national and international regulations and incentive systems, such as emissions trading, aim to control the volume and reward the reduction of GHG emissions.

The requirements for GHG emissions in this Standard are based on the requirements of the 'GHG Protocol Corporate Accounting and Reporting Standard' ('GHG Protocol Corporate Standard') and the 'GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard' ('GHG Protocol Corporate Value Chain Standard'). These two standards are part of the GHG Protocol developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD).

The GHG Protocol has established a classification of GHG emissions called 'Scope': Scope 1, Scope 2 and Scope 3. The GHG emissions standard published by the International Organization for Standardization (ISO), 'ISO 14064', represents these classifications of Scope with the following terms:

- Direct GHG emissions = Scope 1
- Energy indirect GHG emissions = Scope 2
- Other indirect GHG emissions = Scope 3

In this Standard, these terms are combined in the following way, as defined in the [Glossary](#) section:

- Direct (Scope 1) GHG emissions
- Energy indirect (Scope 2) GHG emissions
- Other indirect (Scope 3) GHG emissions

**Ozone-depleting substances (ODS)**

The ozone layer filters out most of the sun's biologically harmful ultraviolet (UV-B) radiation. Observed and projected ozone depletion due to ODS generates worldwide concern. The UN Environment Programme (UNEP) 'Montreal Protocol on Substances that Deplete the Ozone Layer' ('Montreal Protocol') regulates the phase-out of ODS internationally.

**Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions**

Pollutants such as NO<sub>x</sub> and SO<sub>x</sub> have negative impacts on climate, ecosystems, air quality, habitats, agriculture, and human and animal health. Deterioration of air quality, acidification, forest degradation and public health concerns have led to local and international regulations to control emissions of these pollutants.

Reductions in the emission of regulated pollutants lead to improved health conditions for workers and local communities and can enhance relations with affected stakeholders. In regions with emission caps, the volume of emissions also has direct cost implications.

Other significant air emissions include, for example, persistent organic pollutants or particulate matter, as well as air emissions that are regulated under international conventions and/or national laws or regulations, including those listed on an organization's environmental permits.

**System of GRI Standards**

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

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

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

*GRI 1: Foundation 2021* specifies the requirements that the organization must comply with to report in accordance with the GRI Standards. The organization begins using the GRI Standards by consulting *GRI 1*.

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

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

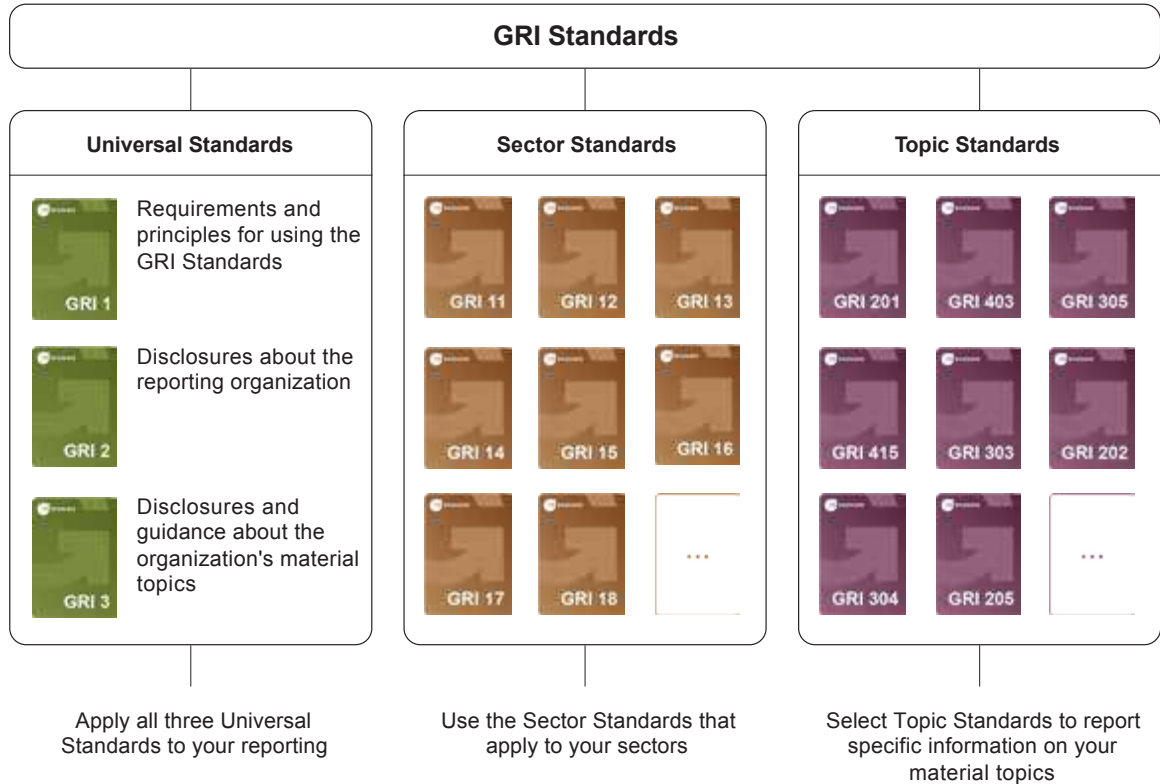
**Sector Standards**

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

**Topic Standards**

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

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



### Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its emissions-related impacts.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined emissions to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- [Clause 1.2](#) in this Standard, if it is relevant to its emissions-related impacts;
- Any disclosures from this Topic Standard that are relevant to the organization's emissions-related impacts (Disclosure 305-1 through Disclosure 305-7).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these requirements and disclosures.

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

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

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



**Requirements, guidance and defined terms**

The following apply throughout this Standard:

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

Requirements may be accompanied by guidance.

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

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

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

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

# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined emissions to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section). The organization is also required to report clause 1.2 in this section, if it is relevant to its emissions-related impacts.

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

**REQUIREMENTS** 1.1 **The reporting organization shall report how it manages emissions using [Disclosure 3-3 in GRI 3: Material Topics 2021](#).**

1.2 **When reporting on GHG emissions targets, the reporting organization shall explain whether offsets were used to meet the targets, including the type, amount, criteria or scheme of which the offsets are part.**

**GUIDANCE** The reporting organization can also:

- explain whether it is subject to any country, regional, or industry-level emissions regulations and policies; and provide examples of these regulations and policies;
- disclose expenditures on treatment of emissions (such as expenditures for filters, agents) and for the purchase and use of emissions certificates.

## 2. Topic disclosures

### Disclosure 305-1 Direct (Scope 1) GHG emissions

#### REQUIREMENTS

The reporting organization shall report the following information:

- a. **Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.**
- b. **Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.**
- c. **Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.**
- d. **Base year for the calculation, if applicable, including:**
  - i. **the rationale for choosing it;**
  - ii. **emissions in the base year;**
  - iii. **the context for any significant changes in emissions that triggered recalculations of base year emissions.**
- e. **Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.**
- f. **Consolidation approach for emissions; whether equity share, financial control, or operational control.**
- g. **Standards, methodologies, assumptions, and/or calculation tools used.**

#### Compilation requirements

- 2.1 **When compiling the information specified in Disclosure 305-1, the reporting organization shall:**
  - 2.1.1 **exclude any GHG trades from the calculation of gross direct (Scope 1) GHG emissions;**
  - 2.1.2 **report biogenic emissions of CO<sub>2</sub> from the combustion or biodegradation of biomass separately from the gross direct (Scope 1) GHG emissions. Exclude biogenic emissions of other types of GHG (such as CH<sub>4</sub> and N<sub>2</sub>O), and biogenic emissions of CO<sub>2</sub> that occur in the life cycle of biomass other than from combustion or biodegradation (such as GHG emissions from processing or transporting biomass).**

#### RECOMMENDATIONS

- 2.2 When compiling the information specified in Disclosure 305-1, the reporting organization should:
  - 2.2.1 apply emission factors and GWP rates consistently for the data disclosed;
  - 2.2.2 use the GWP rates from the IPCC assessment reports based on a 100-year timeframe;
  - 2.2.3 select a consistent approach for consolidating direct (Scope 1) and energy indirect (Scope 2) GHG emissions; choosing from the equity share, financial control, or operational control methods outlined in the 'GHG Protocol Corporate Standard';
  - 2.2.4 if subject to different standards and methodologies, describe the approach to selecting them;
  - 2.2.5 where it aids transparency or comparability over time, provide a breakdown of the direct (Scope 1) GHG emissions by:
    - 2.2.5.1 business unit or facility;
    - 2.2.5.2 country;
    - 2.2.5.3 type of source (stationary combustion, process, fugitive);
    - 2.2.5.4 type of activity.

#### GUIDANCE

##### Guidance for Disclosure 305-1

Direct (Scope 1) GHG emissions include, but are not limited to, the CO<sub>2</sub> emissions from the fuel

consumption as reported in [Disclosure 302-1 of GRI 302: Energy 2016](#).

Direct (Scope 1) GHG emissions can come from the following sources owned or controlled by an organization:

- Generation of electricity, heating, cooling and steam: these emissions result from combustion of fuels in stationary sources, such as boilers, furnaces, and turbines – and from other combustion processes such as flaring;
- Physical or chemical processing: most of these emissions result from the manufacturing or processing of chemicals and materials, such as cement, steel, aluminum, ammonia, and waste processing;
- Transportation of materials, products, waste, workers, and passengers: these emissions result from the combustion of fuels in mobile combustion sources owned or controlled by the organization, such as trucks, trains, ships, airplanes, buses, and cars;
- Fugitive emissions: these are emissions that are not physically controlled but result from intentional or unintentional releases of GHGs. These can include equipment leaks from joints, seals, packing, and gaskets; methane emissions (e.g., from coal mines) and venting; HFC emissions from refrigeration and air conditioning equipment; and methane leakages (e.g., from gas transport).

Methodologies used to calculate the direct (Scope 1) GHG emissions can include:

- direct measurement of energy source consumed (coal, gas) or losses (refills) of cooling systems and conversion to GHG (CO<sub>2</sub> equivalents);
- mass balance calculations;
- calculations based on site-specific data, such as for fuel composition analysis;
- calculations based on published criteria, such as emission factors and GWP rates;
- direct measurements of GHG emissions, such as continuous online analyzers;
- estimations.

If estimations are used due to a lack of default figures, the reporting organization can indicate the basis and assumptions on which figures were estimated.

For recalculations of prior year emissions, the organization can follow the approach in the 'GHG Protocol Corporate Standard'.

The chosen emission factors can originate from mandatory reporting requirements, voluntary reporting frameworks, or industry groups.

Estimates of GWP rates change over time as scientific research develops. GWP rates from the *Second Assessment Report* of the Intergovernmental Panel on Climate Change (IPCC) are used as the basis for international negotiations under the 'Kyoto Protocol'. Thus, such rates can be used for disclosing GHG emissions where it does not conflict with national or regional reporting requirements. The organization can also use the latest GWP rates from the most recent IPCC assessment report.

The organization can combine Disclosure 305-1 with Disclosures 305-2 (energy indirect/Scope 2 GHG emissions) and 305-3 (other indirect/Scope 3 GHG emissions) to disclose total GHG emissions.

Further details and guidance are available in the 'GHG Protocol Corporate Standard'. See also references [1], [2], [12], [13], [14] and [19] in the [Bibliography](#).

## Disclosure 305-2 Energy indirect (Scope 2) GHG emissions

### REQUIREMENTS

The reporting organization shall report the following information:

- a. **Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.**
- b. **If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.**
- c. **If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.**
- d. **Base year for the calculation, if applicable, including:**
  - i. the rationale for choosing it;
  - ii. emissions in the base year;
  - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e. **Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.**
- f. **Consolidation approach for emissions; whether equity share, financial control, or operational control.**
- g. **Standards, methodologies, assumptions, and/or calculation tools used.**

### Compilation requirements

- 2.3 **When compiling the information specified in Disclosure 305-2, the reporting organization shall:**
  - 2.3.1 **exclude any GHG trades from the calculation of gross energy indirect (Scope 2) GHG emissions;**
  - 2.3.2 **exclude other indirect (Scope 3) GHG emissions that are disclosed as specified in Disclosure 305-3;**
  - 2.3.3 **account and report energy indirect (Scope 2) GHG emissions based on the location-based method, if it has operations in markets without product or supplier-specific data;**
  - 2.3.4 **account and report energy indirect (Scope 2) GHG emissions based on both the location-based and market-based methods, if it has any operations in markets providing product or supplier-specific data in the form of contractual instruments.**

### RECOMMENDATIONS

- 2.4 **When compiling the information specified in Disclosure 305-2, the reporting organization should:**
  - 2.4.1 **apply emission factors and GWP rates consistently for the data disclosed;**
  - 2.4.2 **use the GWP rates from the IPCC assessment reports based on a 100-year timeframe;**
  - 2.4.3 **select a consistent approach for consolidating direct (Scope 1) and energy indirect (Scope 2) GHG emissions, choosing from the equity share, financial control, or operational control methods outlined in the 'GHG Protocol Corporate Standard';**
  - 2.4.4 **if subject to different standards and methodologies, describe the approach to selecting them;**
  - 2.4.5 **where it aids transparency or comparability over time, provide a breakdown of the energy indirect (Scope 2) GHG emissions by:**
    - 2.4.5.1 **business unit or facility;**
    - 2.4.5.2 **country;**
    - 2.4.5.3 **type of source (electricity, heating, cooling, and steam);**

## 2.4.5.4 type of activity.

**GUIDANCE****Guidance for Disclosure 305-2**

Energy indirect (Scope 2) GHG emissions include, but are not limited to, the CO<sub>2</sub> emissions from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by an organization – disclosed as specified in [Disclosure 302-1 of GRI 302: Energy 2016](#). For many organizations, the energy indirect (Scope 2) GHG emissions that result from the generation of purchased electricity can be much greater than their direct (Scope 1) GHG emissions.

The 'GHG Protocol Scope 2 Guidance' requires organizations to provide two distinct Scope 2 values: a location-based and a market-based value. A location-based method reflects the average GHG emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factor data. A market-based method reflects emissions from electricity that an organization has purposefully chosen (or its lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.

The market-based method calculation also includes the use of a residual mix, if the organization does not have specified emissions-intensity from its contractual instruments. This helps prevent double counting between consumers' market-based method figures. If a residual mix is unavailable, the organization can disclose this and use grid-average emission factors as a proxy (which can mean that the location-based and market-based are the same number until information on the residual mix is available).

The reporting organization can apply the Quality Criteria in the 'GHG Protocol Scope 2 Guidance' so that contractual instruments convey GHG emission rate claims and to prevent double counting. See reference [18] in the [Bibliography](#).

For recalculations of prior year emissions, the organization can follow the approach in the 'GHG Protocol Corporate Standard'.

The chosen emission factors can originate from mandatory reporting requirements, voluntary reporting frameworks, or industry groups.

Estimates of GWP rates change over time as scientific research develops. GWP rates from the *Second Assessment Report* of the IPCC are used as the basis for international negotiations under the 'Kyoto Protocol'. Thus, such rates can be used for disclosing GHG emissions where it does not conflict with national or regional reporting requirements. The organization can also use the latest GWP rates from the most recent IPCC assessment report.

The organization can combine Disclosure 305-2 with Disclosures 305-1 (direct/Scope 1 GHG emissions) and 305-3 (other indirect/Scope 3 GHG emissions) to disclose total GHG emissions.

Further details and guidance are available in the 'GHG Protocol Corporate Standard'. Details on the location-based and market-based methods are available in the 'GHG Protocol Scope 2 Guidance'. See also references [1], [2], [12], [13], [14] and [18] in the [Bibliography](#).

## Disclosure 305-3 Other indirect (Scope 3) GHG emissions

### REQUIREMENTS

The reporting organization shall report the following information:

- a. **Gross other indirect (Scope 3) GHG emissions** in metric tons of **CO<sub>2</sub> equivalent**.
- b. **If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.**
- c. **Biogenic CO<sub>2</sub> emissions** in metric tons of **CO<sub>2</sub> equivalent**.
- d. **Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.**
- e. **Base year** for the calculation, if applicable, including:
  - i. the rationale for choosing it;
  - ii. emissions in the base year;
  - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- f. **Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.**
- g. **Standards, methodologies, assumptions, and/or calculation tools used.**

### Compilation requirements

- 2.5 When compiling the information specified in Disclosure 305-3, the reporting organization shall:
  - 2.5.1 **exclude any GHG trades** from the calculation of gross other indirect (Scope 3) GHG emissions;
  - 2.5.2 **exclude energy indirect (Scope 2) GHG emissions** from this Energy indirect (Scope 2) GHG emissions are disclosed as specified in Disclosure 305-2;
  - 2.5.3 **report biogenic emissions of CO<sub>2</sub> from the combustion or biodegradation of biomass that occur in its value chain separately from the gross other indirect (Scope 3) GHG emissions. Exclude biogenic emissions of other types of GHG (such as CH<sub>4</sub> and N<sub>2</sub>O), and biogenic emissions of CO<sub>2</sub> that occur in the life cycle of biomass other than from combustion or biodegradation (such as GHG emissions from processing or transporting biomass).**

### RECOMMENDATIONS

- 2.6 When compiling the information specified in Disclosure 305-3, the reporting organization should:
  - 2.6.1 apply emission factors and GWP rates consistently for the data disclosed;
  - 2.6.2 use the GWP rates from the IPCC assessment reports based on a 100-year timeframe;
  - 2.6.3 if subject to different standards and methodologies, describe the approach to selecting them;
  - 2.6.4 list other indirect (Scope 3) GHG emissions, with a breakdown by upstream and downstream categories and activities;
  - 2.6.5 where it aids transparency or comparability over time, provide a breakdown of the other indirect (Scope 3) GHG emissions by:
    - 2.6.5.1 business unit or facility;
    - 2.6.5.2 country;
    - 2.6.5.3 type of source;
    - 2.6.5.4 type of activity.

### GUIDANCE

#### Guidance for Disclosure 305-3

Other indirect (Scope 3) GHG emissions are a consequence of an organization's activities, but

occur from sources not owned or controlled by the organization. Other indirect (Scope 3) GHG emissions include both upstream and downstream emissions. Some examples of Scope 3 activities include extracting and producing purchased materials; transporting purchased fuels in vehicles not owned or controlled by the organization; and the end use of products and services.

Other indirect emissions can also come from the decomposing of the organization's waste. Process-related emissions during the manufacture of purchased goods and fugitive emissions in facilities not owned by the organization can also produce indirect emissions.

For some organizations, GHG emissions that result from energy consumption outside of the organization can be much greater than their direct (Scope 1) or energy indirect (Scope 2) GHG emissions.

The reporting organization can identify other indirect (Scope 3) GHG emissions by assessing which of its activities' emissions:

- contribute significantly to the organization's total anticipated other indirect (Scope 3) GHG emissions;
- offer potential for reductions the organization can undertake or influence;
- contribute to climate change-related risks, such as financial, regulatory, supply chain, product and customer, litigation, and reputational risks;
- are deemed material by stakeholders, such as customers, suppliers, investors, or civil society;
- result from outsourced activities previously performed in-house, or that are typically performed in-house by other organizations in the same sector;
- have been identified as significant for the organization's sector;
- meet any additional criteria for determining relevance, developed by the organization or by organizations in its sector.

The organization can use the following upstream and downstream categories and activities from the 'GHG Protocol Corporate Value Chain Standard' (see reference [15] in the [Bibliography](#)).

***Upstream categories***

1. Purchased goods and services
2. Capital goods
3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)
4. Upstream transportation and distribution
5. Waste generated in operations
6. Business travel
7. Employee commuting
8. Upstream leased assets
- Other upstream

***Downstream categories***

9. Downstream transportation and distribution
10. Processing of sold products
11. Use of sold products
12. End-of-life treatment of sold products
13. Downstream leased assets
14. Franchises
15. Investments
- Other downstream

For each of these categories and activities, the organization can provide a figure in CO<sub>2</sub> equivalent or explain why certain data are not included.

For recalculations of prior year emissions, the organization can follow the approach in the 'GHG Protocol Corporate Value Chain Standard'.

The chosen emission factors can originate from mandatory reporting requirements, voluntary reporting frameworks, or industry groups.



Estimates of GWP rates change over time as scientific research develops. GWP rates from the *Second Assessment Report* of the IPCC are used as the basis for international negotiations under the 'Kyoto Protocol'. Thus, such rates can be used for disclosing GHG emissions where it does not conflict with national or regional reporting requirements. The organization can also use the latest GWP rates from the most recent IPCC assessment report.

The organization can combine Disclosure 305-3 with Disclosures 305-1 (direct/Scope 1 GHG emissions) and 305-2 (energy indirect/Scope 2 GHG emissions) to disclose total GHG emissions.

See references [1], [2], [12], [13], [15], [17] and [19] in the [Bibliography](#).

## Disclosure 305-4 GHG emissions intensity

### REQUIREMENTS

The reporting organization shall report the following information:

- a. GHG emissions intensity ratio for the organization.
- b. Organization-specific metric (the denominator) chosen to calculate the ratio.
- c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- d. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.

### Compilation requirements

2.7 When compiling the information specified in Disclosure 305-4, the reporting organization shall:

- 2.7.1 calculate the ratio by dividing the absolute GHG emissions (the numerator) by the organization-specific metric (the denominator);
- 2.7.2 if reporting an intensity ratio for other indirect (Scope 3) GHG emissions, report this intensity ratio separately from the intensity ratios for direct (Scope 1) and energy indirect (Scope 2) emissions.

### RECOMMENDATIONS

2.8 When compiling the information specified in Disclosure 305-4, the reporting organization should, where it aids transparency or comparability over time, provide a breakdown of the GHG emissions intensity ratio by:

- 2.8.1 business unit or facility;
- 2.8.2 country;
- 2.8.3 type of source;
- 2.8.4 type of activity.

### GUIDANCE

#### Guidance for Disclosure 305-4

Intensity ratios can be provided for, among others:

- products (such as metric tons of CO<sub>2</sub> emissions per unit produced);
- services (such as metric tons of CO<sub>2</sub> emissions per function or per service);
- sales (such as metric tons of CO<sub>2</sub> emissions per sales).

Organization-specific metrics (denominators) can include:

- units of product;
- production volume (such as metric tons, liters, or MWh);
- size (such as m<sup>2</sup> floor space);
- number of full-time employees;
- monetary units (such as revenue or sales).

The reporting organization can report an intensity ratio for direct (Scope 1) and energy indirect (Scope 2) GHG emissions combined, using the figures reported in Disclosures 305-1 and 305-2.

#### Background

Intensity ratios define GHG emissions in the context of an organization-specific metric. Many organizations track environmental performance with intensity ratios, which are often called normalized environmental impact data.

GHG emissions intensity expresses the amount of GHG emissions per unit of activity, output, or any other organization-specific metric. In combination with an organization's absolute GHG emissions, reported in Disclosures 305-1, 305-2, and 305-3, GHG emissions intensity helps to contextualize the organization's efficiency, including in relation to other organizations.

See references [13], [14], and [19] in the [Bibliography](#).

## Disclosure 305-5 Reduction of GHG emissions

### REQUIREMENTS

The reporting organization shall report the following information:

- a. **GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.**
- b. **Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.**
- c. **Base year or baseline, including the rationale for choosing it.**
- d. **Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).**
- e. **Standards, methodologies, assumptions, and/or calculation tools used.**

### Compilation requirements

**2.9 When compiling the information specified in Disclosure 305-5, the reporting organization shall:**

- 2.9.1 exclude reductions resulting from reduced production capacity or outsourcing;**
- 2.9.2 use the inventory or project method to account for reductions;**
- 2.9.3 calculate an initiative's total reductions of GHG emissions as the sum of its associated primary effects and any significant secondary effects;**
- 2.9.4 if reporting two or more Scope types, report the reductions for each separately;**
- 2.9.5 report reductions from offsets separately.**

### RECOMMENDATIONS

**2.10** When compiling the information specified in Disclosure 305-5, the reporting organization should, if subject to different standards and methodologies, describe the approach to selecting them.

### GUIDANCE

#### Guidance for Disclosure 305-5

The reporting organization can prioritize disclosing reduction initiatives that were implemented in the reporting period, and that have the potential to contribute significantly to reductions. The organization can describe reduction initiatives and their targets when reporting how it manages this topic.

Reduction initiatives can include:

- process redesign;
- conversion and retrofitting of equipment;
- fuel switching;
- changes in behavior;
- offsets.

The organization can report reductions disaggregated by initiatives or groups of initiatives.

This disclosure can be used in combination with Disclosures 305-1, 305-2, and 305-3 of this Standard to monitor the reduction of GHG emissions with reference to the organization's targets, or to regulations and trading systems at international or national level.

See references [12], [13], [14], [15], [16], and [19] in the [Bibliography](#).

#### Guidance for clause 2.9.2

The inventory method compares reductions to a base year. The project method compares reductions to a baseline. Further details on these methods are available in references [15] and [16] in the [Bibliography](#).

#### Guidance for clause 2.9.3

Primary effects are the elements or activities designed to reduce GHG emissions, such as carbon storage. Secondary effects are smaller, unintended consequences of a reduction initiative, including changes to production or manufacture, which result in changes to GHG

emissions elsewhere. See reference [14] in the [Bibliography](#).

## Disclosure 305-6 Emissions of ozone-depleting substances (ODS)

**REQUIREMENTS**

The reporting organization shall report the following information:

- a. **Production, imports, and exports of ODS in metric tons of CFC-11 (trichlorofluoromethane) equivalent.**
- b. **Substances included in the calculation.**
- c. **Source of the emission factors used.**
- d. **Standards, methodologies, assumptions, and/or calculation tools used.**

**Compilation requirements**

**2.11 When compiling the information specified in Disclosure 305-6, the reporting organization shall:**

- 2.11.1 calculate the production of ODS as the amount of ODS produced, minus the amount destroyed by approved technologies, and minus the amount entirely used as feedstock in the manufacture of other chemicals;**

<b>Production of ODS</b>	=	<b>ODS produced</b>
	-	<b>ODS destroyed by approved technologies</b>
	-	<b>ODS entirely used as feedstock in the manufacture of other chemicals</b>

**2.11.2 exclude ODS recycled and reused.**

**RECOMMENDATIONS**

**2.12** When compiling the information specified in Disclosure 305-6, the reporting organization should:

- 2.12.1 if subject to different standards and methodologies, describe the approach to selecting them;
- 2.12.2 where it aids transparency or comparability over time, provide a breakdown of the ODS data by:
  - 2.12.2.1 business unit or facility;
  - 2.12.2.2 country;
  - 2.12.2.3 type of source;
  - 2.12.2.4 type of activity.

**GUIDANCE**

**Guidance for Disclosure 305-6**

The reporting organization can report separate or combined data for the substances included in the calculation.

**Background**

Measuring ODS production, imports, and exports helps to indicate how an organization complies with legislation. This is particularly relevant if the organization produces or uses ODS in its processes, products and services and is subject to phase-out commitments. Results on ODS phase-out help to indicate the organization’s position in any markets affected by regulation on ODS.

This disclosure covers the substances included in Annexes A, B, C, and E of the ‘Montreal Protocol’ as well as any other ODS produced, imported, or exported by an organization.

See references [1], [2], [8] and [9] in the [Bibliography](#).

## Disclosure 305-7 Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions

### REQUIREMENTS

The reporting organization shall report the following information:

- a. **Significant air emissions**, in kilograms or multiples, for each of the following:
  - i. NO<sub>x</sub>
  - ii. SO<sub>x</sub>
  - iii. Persistent organic pollutants (POP)
  - iv. Volatile organic compounds (VOC)
  - v. Hazardous air pollutants (HAP)
  - vi. Particulate matter (PM)
  - vii. Other standard categories of air emissions identified in relevant regulations
- b. Source of the emission factors used.
- c. Standards, methodologies, assumptions, and/or calculation tools used.

### Compilation requirements

- 2.13 When compiling the information specified in Disclosure 305-7, the reporting organization shall select one of the following approaches for calculating significant air emissions:
  - 2.13.1 Direct measurement of emissions (such as online analyzers);
  - 2.13.2 Calculation based on site-specific data;
  - 2.13.3 Calculation based on published emission factors;
  - 2.13.4 Estimation. If estimations are used due to a lack of default figures, the organization shall indicate the basis on which figures were estimated.

### RECOMMENDATIONS

- 2.14 When compiling the information specified in Disclosure 305-7, the reporting organization should:
  - 2.14.1 if subject to different standards and methodologies, describe the approach to selecting them;
  - 2.14.2 where it aids transparency or comparability over time, provide a breakdown of the air emissions data by:
    - 2.14.2.1 business unit or facility;
    - 2.14.2.2 country;
    - 2.14.2.3 type of source;
    - 2.14.2.4 type of activity.

### GUIDANCE

See references [3], [4], [5], [6] and [10] in the [Bibliography](#).

## Glossary

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

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

- 
- B**
- base year**  
historical datum (such as year) against which a measurement is tracked over time
- baseline**  
starting point used for comparisons
- Note: In the context of energy and emissions reporting, the baseline is the projected energy consumption or emissions in the absence of any reduction activity.
- biogenic carbon dioxide (CO<sub>2</sub>) emission**  
emission of CO<sub>2</sub> from the combustion or biodegradation of biomass
- 
- C**
- carbon dioxide (CO<sub>2</sub>) equivalent**  
measure used to compare the emissions from various types of greenhouse gas (GHG) based on their global warming potential (GWP)
- Note: The CO<sub>2</sub> equivalent for a gas is determined by multiplying the metric tons of the gas by the associated GWP.
- CFC11 (trichlorofluoromethane) equivalent**  
measure used to compare various substances based on their relative ozone depletion potential (ODP)
- Note: The reference level of 1 is the potential of CFC-11 (trichlorofluoromethane) and CFC-12 (dichlorodifluoromethane) to cause ozone depletion.
- 
- D**
- direct (Scope 1) GHG emissions**  
greenhouse gas (GHG) emissions from sources that are owned or controlled by the organization
- Example: CO<sub>2</sub> emissions from fuel consumption
- Note: A GHG source is any physical unit or process that releases GHG into the atmosphere.
- 
- E**
- energy indirect (Scope 2) GHG emissions**  
greenhouse gas (GHG) emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organization
- 
- G**
- global warming potential (GWP)**  
value describing the radiative forcing impact of one unit of a given greenhouse gas (GHG) relative to one unit of CO<sub>2</sub> over a given period of time
- Note: GWP values convert GHG emissions data for non-CO<sub>2</sub> gases into units of CO<sub>2</sub> equivalent.
- greenhouse gas (GHG)**  
gas that contributes to the greenhouse effect by absorbing infrared radiation
- greenhouse gas (GHG) trade**  
purchase, sale or transfer of greenhouse gas (GHG) emission offsets or allowances
- 
- H**
- human rights**  
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*

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

Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on ‘human rights’.

---

### **impact**

## **I**

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

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See section 2.1 in [GRI 1: Foundation 2021](#) for more information on ‘impact’.

---

### **material topics**

## **M**

topics that represent the organization’s most significant impacts on the economy, environment, and people, including impacts on their human rights

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’.

---

### **other indirect (Scope 3) GHG emissions**

## **O**

indirect greenhouse gas (GHG) emissions not included in energy indirect (Scope 2) GHG emissions that occur outside of the organization, including both upstream and downstream emissions

#### **ozone-depleting substance (ODS)**

substance with an ozone depletion potential (ODP) greater than 0 that can deplete the stratospheric ozone layer

Note: Most ODS are controlled under the United Nations Environment Programme (UNEP), *Montreal Protocol on Substances that Deplete the Ozone Layer*, 1987, and its amendments, and include chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs), halons, and methyl bromide.

---

### **reduction of greenhouse gas (GHG) emissions**

## **R**

decrease in greenhouse gas (GHG) emissions or increase in removal or storage of GHG from the atmosphere, relative to baseline emissions

Note: Primary effects will result in GHG reductions, as will some secondary effects. An initiative’s total GHG reductions are quantified as the sum of its associated primary effect(s) and any significant secondary effects (which may involve decreases or countervailing increases in GHG emissions).

---

### **Scope of GHG emissions**

## **S**

classification of the operational boundaries where greenhouse gas (GHG) emissions occur

Note 1: Scope classifies whether GHG emissions are created by the organization itself, or are created by other related organizations, for example electricity suppliers or logistics companies.

Note 2: There are three classifications of Scope: [Scope 1](#), [Scope 2](#) and [Scope 3](#).

Note 3: The classification of Scope derives from the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), *GHG Protocol Corporate Accounting and Reporting Standard*, Revised Edition, 2004.

#### **significant air emission**

air emission regulated under international conventions and/or national laws or regulations



Note: Significant air emissions include those listed on environmental permits for the organization's operations.

**sustainable development / sustainability**

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

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

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

## Bibliography

This section lists authoritative intergovernmental instruments and additional references used in developing this Standard.

### Authoritative instruments:

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4. United Nations Economic Commission for Europe (UNECE) Convention, 'Gothenburg Protocol to Abate Acidification, Eutrophication and Ground-level Ozone', 1999.
5. United Nations Economic Commission for Europe (UNECE) Convention, 'Helsinki Protocol on the Reduction of Sulphur Emissions or their Transboundary Fluxes', 1988.
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10. United Nations Environment Programme (UNEP) Convention, 'Stockholm Convention on Persistent Organic Pollutants (POPs)', Annex A, B, and C, 2009.
11. United Nations (UN) Framework Convention, 'United Nations Framework Convention on Climate Change', 1992.
12. United Nations (UN) Protocol, 'Kyoto Protocol to the United Nations Framework Convention on Climate Change', 1997.

### Additional references:

13. CDP, *Investor CDP Information Request*, updated annually.
14. World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), 'GHG Protocol Corporate Accounting and Reporting Standard', Revised Edition, 2004.
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# GRI 306: Waste 2020

EFFECTIVE DATE: 1 JANUARY 2022

TOPIC STANDARD

# 306



# GRI 306: Waste 2020

## Topic Standard

### Effective date

This Standard is effective for reports or other materials published on or after 1 January 2022.

### Responsibility

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

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# Introduction

*GRI 306: Waste 2020* contains disclosures for organizations to report information about their waste-related impacts, and how they manage these impacts. The disclosures enable an organization to provide information on how it prevents waste generation and how it manages waste that cannot be prevented, in its own activities and upstream and downstream in its value chain.

The Standard is structured as follows:

- [Section 1](#) contains two disclosures, which provide information about how the organization manages its waste-related impacts.
- [Section 2](#) contains three disclosures, which provide information about the organization's waste-related impacts.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments and additional references used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses the topic of waste.

Waste can be generated in the organization's own activities, for example, during the production of its products and delivery of services. It can also be generated by entities upstream and downstream in the organization's value chain, for example, when suppliers process materials that are later used or procured by the organization, or when consumers use the services or discard the products that the organization sells to them.

Waste can have significant negative impacts on the environment and human health when inadequately managed. These impacts often extend beyond locations where waste is generated and discarded. The resources and materials contained in waste that is incinerated or landfilled are lost to future use, which accelerates their depletion.

The United Nations recognizes the role of responsible consumption and production in achieving the Sustainable Development Goals<sup>1</sup>. The targets under Goal 12, in particular, call on organizations to implement environmentally sound waste management and prevent and reduce waste through reuse and recycling.

## System of GRI Standards

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

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

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

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

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

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

### Sector Standards

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

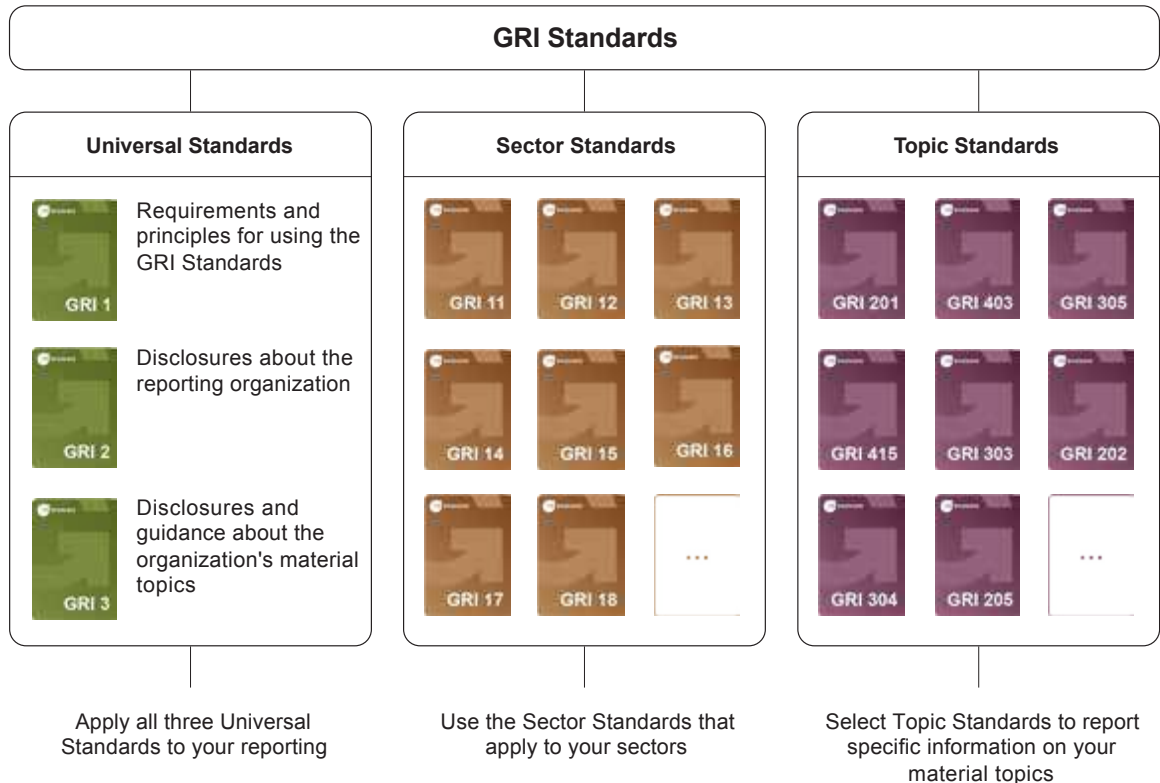
<sup>1</sup> United Nations (UN) Resolution, *Transforming our world: the 2030 Agenda for Sustainable Development*, 2015. (See in particular Goal 12: 'Ensure sustainable consumption and production patterns'.)



### Topic Standards

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

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



### Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its waste-related impacts. This Standard can also be used by organizations that manage waste generated by other organizations, such as public and private waste management organizations. In addition to this Standard, disclosures that relate to this topic can be found in [GRI 301: Materials 2016](#).

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined waste to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's waste-related impacts (Disclosure 306-1 through Disclosure 306-5).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

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

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

item does not exist.

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

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

The following apply throughout this Standard:

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

Requirements may be accompanied by guidance.

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

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

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

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

# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined waste to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section). The organization is also required to report any disclosures from this section (Disclosure 306-1 through Disclosure 306-2) that are relevant to its waste-related impacts.

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in GRI 3.

**REQUIREMENTS**      **1.1**      **The reporting organization shall report how it manages waste using [Disclosure 3-3 in GRI 3: Material Topics 2021](#).**

## Disclosure 306-1 Waste generation and significant waste-related impacts

### REQUIREMENTS

The reporting organization shall report the following information:

- a. For the organization's significant actual and potential waste-related impacts, a description of:
  - i. the inputs, activities, and outputs that lead or could lead to these impacts;
  - ii. whether these impacts relate to waste generated in the organization's own activities or to waste generated upstream or downstream in its value chain.

### RECOMMENDATIONS

- 1.2 The reporting organization should report a process flow of inputs, activities, and outputs that lead or could lead to significant waste-related impacts.

### GUIDANCE

#### Background

The quantity, type, and quality of waste generated by an organization is a consequence of the activities involved in the production of its products and services (e.g., extraction, processing, procurement of materials, product or service design, production, distribution) and their subsequent consumption. An assessment of how materials move into, through, and out of the organization can help understand where in the organization's value chain these materials eventually become waste. This provides a holistic overview of waste generation and its causes, which in turn can support the organization in identifying opportunities for waste prevention and for adopting circularity measures. In this way, the organization can go beyond mitigating and remediating negative impacts once waste has been generated and move towards managing waste as a resource.

#### Guidance for Disclosure 306-1

When reporting on this disclosure, the organization can specify the types of inputs and outputs. The types of inputs and outputs can include raw materials, process and manufacturing materials, leaks and losses, waste, by-products, products, or packaging.

The organization can assess and report whether inputs, activities, and outputs lead or could lead to significant waste-related impacts using the following criteria:

- Quantity of inputs used to produce the organization's products or services, which will become waste after they are used for production.
- Quantity of waste outputs generated in the organization's own activities, or quantity of outputs it provides to entities downstream that will eventually become waste when they reach their end of life.
- Hazardous characteristics of inputs and outputs.
- Properties of input materials or design characteristics of outputs that limit or prevent their recovery or limit the length of their life.
- Known potential negative threats associated with specific materials when they are discarded. For example, the potential threat of marine pollution resulting from leakage of discarded plastic packaging into waterbodies.
- Types of activities that lead to significant quantities of waste generation or to generation of hazardous waste.

The organization is required to report on inputs that it receives from entities upstream in its value chain, as well as outputs it provides to entities downstream in its value chain. For example, if an organization procures components with hazardous characteristics from a supplier and uses these in a product that will continue to carry these components and their hazardous characteristics, the organization is required to report these components under inputs that lead or could lead to significant waste-related impacts. Similarly, if an organization sells to consumers products that generate large quantities of packaging waste, it is required to report this packaging under outputs that lead or could lead to significant waste-related impacts.

If the organization has identified many inputs and outputs or many activities that lead or could lead to significant waste-related impacts, it may group these by:

- product or service category that the inputs and outputs relate to;
- business units or facilities that procure the inputs, or whose activities produce the outputs;

- categories of upstream and downstream activities that produce the outputs (for examples of upstream and downstream categories, see the guidance for [Disclosure 302-2 in GRI 302: Energy 2016](#)).

**Guidance for clause 1.2**

A process flow is a tool to visualize the information required to be reported under Disclosure 306-1. A graphic illustration of the process flow can help the organization and its stakeholders understand how inputs and outputs move through the organization's own activities as well as through the activities of entities upstream and downstream in its value chain. It shows where waste is generated in the value chain or where outputs become waste.

The organization can also use the process flow to illustrate information that is required under other disclosures of this Standard, such as:

- actions taken to prevent waste generation (Disclosure 306-2);
- composition of waste generated (Disclosure 306-3);
- recovery operations used to divert waste from disposal (Disclosure 306-4);
- disposal operations (Disclosure 306-5).

The organization can include estimates of the weight of inputs and the weight of outputs in metric tons or the ratio of inputs to outputs.

For examples of process flow illustrations, see the [Appendix](#).

## Disclosure 306-2 Management of significant waste-related impacts

### REQUIREMENTS

The reporting organization shall report the following information:

- a. **Actions, including circularity measures, taken to prevent waste generation in the organization's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.**
- b. **If the waste generated by the organization in its own activities is managed by a third party, a description of the processes used to determine whether the third party manages the waste in line with contractual or legislative obligations.**
- c. **The processes used to collect and monitor waste-related data.**

### GUIDANCE

#### Background

An organization can cause waste-related impacts through its own activities. For example, when its operations generate waste outputs. It can also contribute to waste-related impacts through activities carried out in its value chain upstream or downstream. For example, through criteria in its procurement policies that lead to waste generation upstream, or through management decisions that limit the life of its products and therefore contribute to waste generation downstream.

Even when the organization has not contributed to waste-related impacts upstream or downstream in its value chain, its operations, products, or services could be directly linked to waste-related impacts by its business relationships with the entities in its value chain. For example, when third parties hired by the organization carry out inadequate recovery or disposal operations.

The way an organization is involved with negative impacts is important for determining the organization's response to an impact.

#### Guidance for Disclosure 306-2-a

Actions, including circularity measures, to prevent waste generation and to manage significant impacts from waste generated can include:

- Input material choices and product design:
  - Improving materials selection and product design through consideration for longevity and durability, reparability, modularity and disassembly, and recyclability.
  - Reducing the use of raw and finite materials by procuring secondary materials (e.g., used or recycled input materials) or renewable materials.
  - Substituting inputs that have hazardous characteristics with inputs that are non-hazardous.
- Collaboration in the value chain and business model innovation:
  - Setting policies for procurement from suppliers that have sound waste prevention and waste management criteria.
  - Engaging in or setting up industrial symbiosis as a result of which the organization's waste or other outputs (e.g., by-products from production) become inputs for another organization.
  - Participating in a collective or individual extended producer responsibility scheme or applying product stewardship, which extends the producer's responsibility for a product or service to its end of life.
  - Transitioning to and applying new business models, such as product service systems that use services instead of products to meet consumer demand.
  - Engaging in or setting up product take-back schemes and reverse logistics processes to divert products and materials from disposal.
- End-of-life interventions:
  - Establishing and improving facilities for waste management, including facilities for the collection and sorting of waste.
  - Recovering products, components, and materials from waste through preparation for reuse and recycling.

- Engaging with consumers to raise awareness about sustainable consumption practices, such as reduced purchasing of products, product sharing, exchange, reuse, and recycling.

See references [9] and [11] in the [Bibliography](#).

**Guidance for Disclosure 306-2-b**

This disclosure can provide insight into the level of control the organization assumes for waste management outsourced to a third party. In the context of this Standard, a third party includes a public or private waste management organization, or any other entity or group of individuals formally or informally involved in handling the reporting organization's waste. Waste management by third parties can include the collection, transportation, recovery, and disposal of waste, as well as the supervision of such operations and the aftercare of disposal sites. The organization may specify agreements in a contract for the third party to follow when managing its waste, or rely on existing legislative obligations, such as local environmental laws and regulations, to ensure that the third party manages the waste adequately.

**Guidance for Disclosure 306-2-c**

The processes that the organization has in place for collecting and monitoring waste-related data can reflect its commitment to managing waste-related impacts. Such processes can include online data entry, maintaining a centralized database, real-time weighbridge measurement, and annual external data validation.

The organization can specify whether the data collection and monitoring processes extend beyond waste generated in its own activities to include waste generated upstream and downstream in its value chain.

## 2. Topic disclosures

### Disclosure 306-3 Waste generated

#### REQUIREMENTS

The reporting organization shall report the following information:

- a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.
- b. Contextual information necessary to understand the data and how the data has been compiled.

#### Compilation requirements

- 2.1 When compiling the information specified in Disclosure 306-3-a, the reporting organization shall:
  - 2.1.1 exclude effluent, unless required by national legislation to be reported under total waste;
  - 2.1.2 use 1000 kilograms as the measure for a metric ton.

#### GUIDANCE

##### Background

The total weight of waste generated, when contrasted with the weight of waste that the organization directs to recovery and disposal, can show the extent to which the organization manages its waste-related impacts.

The composition of the waste generated can help identify recovery or disposal operations appropriate to the type of waste and to the specific materials present in the waste.

##### Guidance for Disclosure 306-3

This disclosure covers waste generated in the organization's own activities. The organization can separately report waste generated upstream and downstream in its value chain, if this information is available.

##### Guidance for Disclosure 306-3-a

When reporting composition of the waste, the organization can describe:

- the type of waste, such as hazardous waste or non-hazardous waste;
- the waste streams, relevant to its sector or activities (e.g., tailings for an organization in the mining sector, electronic waste for an organization in the consumer electronics sector, or food waste for an organization in the agriculture or in the hospitality sector);
- the materials that are present in the waste (e.g., biomass, metals, non-metallic minerals, plastics, textiles).

Templates for how to present information under this disclosure can be found in the Appendix [Tables](#).

##### Guidance for Disclosure 306-3-b

To help understand the data, the organization can explain the reasons for the difference between the weight of waste generated and the weight of waste directed to recovery or disposal. This difference can be a result of precipitation or evaporation, leaks or losses, or other modifications to the waste. In the context of this Standard, leaks result from physical or technical failures (e.g., a trail of waste from a waste collection truck), while losses result from inadequate security measures or administrative failures (e.g., theft or lost records).

To help understand how the data has been compiled, the organization can specify whether the data has been modeled or sourced from direct measurements, such as waste transfer notes from contracted waste collectors, external assurance, or audits of waste-related data.

See references [1], [4], [10], and [11] in the [Bibliography](#).



## Disclosure 306-4 Waste diverted from disposal

### REQUIREMENTS

The reporting organization shall report the following information:

- a. Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste.
- b. Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:
  - i. Preparation for reuse;
  - ii. Recycling;
  - iii. Other recovery operations.
- c. Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations:
  - i. Preparation for reuse;
  - ii. Recycling;
  - iii. Other recovery operations.
- d. For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal:
  - i. onsite;
  - ii. offsite.
- e. Contextual information necessary to understand the data and how the data has been compiled.

### Compilation requirements

- 2.2 When compiling the information specified in Disclosure 306-4, the reporting organization shall:
  - 2.2.1 exclude effluent, unless required by national legislation to be reported under total waste;
  - 2.2.2 use 1000 kilograms as the measure for a metric ton.

### RECOMMENDATIONS

- 2.3 The reporting organization should report the total weight of waste prevented, and the baseline and methodology for this calculation.

### GUIDANCE

#### Background

An organization's choice of operations to manage waste shows how it addresses significant waste-related impacts. The options to manage waste can be informed by the waste management hierarchy, which orders operations to manage waste from the most preferable to the least preferable. The waste management hierarchy prioritizes waste prevention, followed by recovery operations that divert waste from being sent to disposal, such as preparation for reuse, recycling, and other recovery operations.

#### Guidance for Disclosure 306-4

Templates for how to present information under this disclosure can be found in the Appendix [Tables](#).

#### Guidance for Disclosure 306-4-a

When reporting composition of the waste, the organization can describe:

- the type of waste, such as hazardous waste or non-hazardous waste;
- the waste streams, relevant to its sector or activities (e.g., tailings for an organization in the mining sector, electronic waste for an organization in the consumer electronics sector, or food waste for an organization in the agriculture or in the hospitality sector);
- the materials that are present in the waste (e.g., biomass, metals, non-metallic minerals, plastics, textiles).

**Guidance for Disclosures 306-4-b and 306-4-c**

When reporting on Disclosures 306-4-b-ii and 306-4-c-ii, the organization can specify the type of recycling operations, such as downcycling, upcycling, composting, or anaerobic digestion.

Besides preparation for reuse and recycling, the organization can report the other types of recovery operations it uses under Disclosures 306-4-b-iii and 306-4-c-iii, such as repurposing or refurbishment.

**Guidance for Disclosure 306-4-d**

Reporting on the quantity and type of waste diverted from disposal onsite and offsite shows the extent to which the organization knows how its waste is managed. In the context of this Standard, 'onsite' means within the physical boundary or administrative control of the reporting organization, and 'offsite' means outside the physical boundary or administrative control of the reporting organization.

**Guidance for Disclosure 306-4-e**

To help understand the data, the organization can explain the reasons for the difference between the weights of waste diverted from disposal onsite and offsite (e.g., lack of infrastructure onsite to recover materials from waste). It can also describe sector practices, sector standards, or external regulations that mandate a specific recovery operation.

To help understand how the data has been compiled, the organization can specify whether the data has been modeled or sourced from direct measurements, such as waste transfer notes from contracted waste collectors, external assurance, or audits of waste-related data.

**Guidance for clause 2.3**

Waste prevention is the most preferable option in the waste management hierarchy, as it prevents the resulting impacts on the environment and human health. The organization can calculate waste prevented as the reduction in waste generation resulting from the actions reported under [Disclosure 306-2-a](#). Reductions in waste generation resulting from reduced production capacity are not considered waste prevention. The organization can report waste prevented in its own activities as well as waste prevented in entities upstream and downstream in its value chain.

See reference [1] in the [Bibliography](#).

## Disclosure 306-5 Waste directed to disposal

### REQUIREMENTS

The reporting organization shall report the following information:

- a. Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste.
- b. Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations:
  - i. Incineration (with energy recovery);
  - ii. Incineration (without energy recovery);
  - iii. Landfilling;
  - iv. Other disposal operations.
- c. Total weight of non-hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations:
  - i. Incineration (with energy recovery);
  - ii. Incineration (without energy recovery);
  - iii. Landfilling;
  - iv. Other disposal operations.
- d. For each disposal operation listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste directed to disposal:
  - i. onsite;
  - ii. offsite.
- e. Contextual information necessary to understand the data and how the data has been compiled.

### Compilation requirements

- 2.4 When compiling the information specified in Disclosure 306-5, the reporting organization shall:
  - 2.4.1 exclude effluent, unless required by national legislation to be reported under total waste;
  - 2.4.2 use 1000 kilograms as the measure for a metric ton.

### GUIDANCE

#### Background

Disposal is the least preferable option in the waste management hierarchy because of its negative impacts on the environment and human health. Leachate from landfills can contaminate land and water, methane released from the decay of organic waste in landfills contributes to climate change, and uncontrolled burning of waste contributes to air pollution. Disposal prevents the materials present in the waste from being recirculated in the environment and economy, making them unavailable for future use.

#### Guidance for Disclosure 306-5

Templates for how to present information under this disclosure can be found in the Appendix [Tables](#).

#### Guidance for Disclosure 306-5-a

When reporting composition of the waste, the organization can describe:

- the type of waste, such as hazardous waste or non-hazardous waste;
- the waste streams, relevant to its sector or activities (e.g., tailings for an organization in the mining sector, electronic waste for an organization in the consumer electronics sector, or food waste for an organization in the agriculture or in the hospitality sector);
- the materials that are present in the waste (e.g., biomass, metals, non-metallic minerals, plastics, textiles).

#### Guidance for Disclosures 306-5-b and 306-5-c

Besides incineration and landfilling, the organization can specify the other types of disposal

operations it uses under Disclosures 306-5-b-iv and 306-5-c-iv, such as dumping, open burning, or deep well injection.

**Guidance for Disclosure 306-5-d**

Reporting the quantity and type of waste directed to disposal onsite and offsite shows the extent to which the organization knows how its waste is managed. In the context of this Standard, 'onsite' means within the physical boundary or administrative control of the reporting organization, and 'offsite' means outside the physical boundary or administrative control of the reporting organization.

**Guidance for Disclosure 306-5-e**

To help understand the data, the organization can explain the reasons for the difference between the weights of waste directed to disposal onsite and offsite (e.g., local regulations that prohibit landfilling of specific types of waste). It can also describe sector practices, sector standards, or external regulations that mandate a specific disposal operation.

To help understand how the data has been compiled, the organization can specify whether the data has been modeled or sourced from direct measurements, such as waste transfer notes from contracted waste collectors, external assurance, or audits of waste-related data.

# Glossary

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

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

## B

### **baseline**

starting point used for comparisons

Note: In the context of energy and emissions reporting, the baseline is the projected energy consumption or emissions in the absence of any reduction activity.

### **business partner**

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

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

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

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

### **business relationships**

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

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

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

## C

### **child**

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

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

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

### **circularity measures**

measures taken to retain the value of products, materials, and resources and redirect them back to use for as long as possible with the lowest carbon and resource footprint possible, such that fewer raw materials and resources are extracted and waste generation is prevented

## D

### **disposal**

any operation which is not recovery, even where the operation has as a secondary consequence the recovery of energy

Source: European Union (EU), *Waste Framework Directive*, 2008 (Directive 2008/98/EC)

Note: Disposal is the end-of-life management of discarded products, materials, and resources in a sink or through a chemical or thermal transformation that makes these products, materials, and resources unavailable for further use.

---

## E

### **effluent**

treated or untreated wastewater that is discharged

Source: Alliance for Water Stewardship (AWS), *AWS International Water Stewardship Standard, Version 1.0*, 2014

### **employee**

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

### **environmental laws and regulations**

laws and regulations related to all types of environmental issues applicable to the organization

Note 1: Environmental issues can include those such as emissions, effluents, and waste, as well as material use, energy, water, and biodiversity.

Note 2: Environmental laws and regulations can include binding voluntary agreements that are made with regulatory authorities and developed as a substitute for implementing a new regulation.

Note 3: Voluntary agreements can be applicable if the organization directly joins the agreement, or if public agencies make the agreement applicable to organizations in their territory through legislation or regulation.

---

## H

### **hazardous waste**

waste that possesses any of the characteristics contained in Annex III of the Basel Convention, or that is considered to be hazardous by national legislation

Source: United Nations Environment Programme (UNEP), *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal*, 1989

### **human rights**

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*

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

Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on 'human rights'.

---

## I

### **impact**

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

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See section 2.1 in [GRI 1: Foundation 2021](#) for more information on 'impact'.

### **incineration**

controlled burning of waste at high temperatures

Source: United Nations (UN), *Glossary of Environment Statistics, Studies in Methods, Series F, No. 67, 1997*

Note: Incineration of waste can be carried out with or without energy recovery. Incineration with energy recovery is also known as waste to energy. In the context of waste reporting, incineration with energy recovery is considered a disposal operation.

#### **indigenous peoples**

indigenous peoples are generally identified as:

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

Source: International Labour Organization (ILO), *Indigenous and Tribal Peoples Convention, 1989 (No. 169)*

## **L**

#### **landfilling**

final depositing of solid waste at, below, or above ground level at engineered disposal sites

Source: United Nations (UN), *Glossary of Environment Statistics, Studies in Methods, Series F, No. 67, 1997*

Note: In the context of waste reporting, landfilling refers to depositing of solid waste in sanitary landfills, and excludes uncontrolled waste disposal such as open burning and dumping.

#### **local community**

individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities

Note: The local community can range from those living adjacent to the organization's operations to those living at a distance.

## **M**

#### **material topics**

topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights

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'.

## **P**

#### **preparation for reuse**

checking, cleaning, or repairing operations, by which products or components of products that have become waste are prepared to be put to use for the same purpose for which they were conceived

Source: European Union (EU), *Waste Framework Directive, 2008 (Directive 2008/98/EC)*; modified

#### **product or service category**

group of related products or services sharing a common, managed set of features that satisfy the specific needs of a selected market

## **R**

#### **recovery**

operation wherein products, components of products, or materials that have become waste are prepared to fulfill a purpose in place of new products, components, or materials that would otherwise have been used for that purpose

Source: United Nations Environment Programme (UNEP), *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, 1989*; modified

Examples: preparation for reuse, recycling

Note: In the context of waste reporting, recovery operations do not include energy recovery.

**recycling**

reprocessing of sector or components of products that have become waste, to make new materials

Source: United Nations Environment Programme (UNEP), *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal*, 1989; modified

**S**

**severity (of an impact)**

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

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

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

**stakeholder**

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

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

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

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

**supplier**

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

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

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

**supply chain**

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

**sustainable development / sustainability**

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

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

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

**V**

**value chain**

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



their end use

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

Note 2: The value chain includes the supply chain.

**vulnerable group**

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

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

Note: Vulnerabilities and impacts can differ by gender.

---

**W**

**waste**

anything that the holder discards, intends to discard, or is required to discard

Source: United Nations Environment Programme (UNEP), *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal*, 1989

Note 1: Waste can be defined according to the national legislation at the point of generation.

Note 2: A holder can be the reporting organization, an entity in the organization's value chain upstream or downstream (e.g., supplier or consumer), or a waste management organization, among others.

**worker**

person that performs work for the organization

Examples: employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for suppliers

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

## Bibliography

This section lists authoritative intergovernmental instruments and additional references used in developing this Standard.

### Authoritative instruments:

1. European Union (EU), *Waste Framework Directive*, 2008 (Directive 2008/98/EC).
2. International Maritime Organization (IMO), *Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter* (London Convention), 1972.
3. International Maritime Organization (IMO), *International Convention for the Prevention of Pollution from Ships* (Marpol), 1973, as modified by the Protocol of 1978.
4. United Nations Environment Programme (UNEP), *Ban Amendment to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal*, 1995.
5. United Nations Environment Programme (UNEP), *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal* (Basel Convention), 1989.
6. United Nations Environment Programme (UNEP), *Rotterdam Convention on the Prior Informed Consent (PIC) Procedure for Certain Hazardous Chemicals and Pesticides in International Trade* (Rotterdam Convention), 1998.
7. United Nations Environment Programme (UNEP), *Stockholm Convention on Persistent Organic Pollutants* (Stockholm Convention), 2001.
8. United Nations (UN) Resolution, *Transforming our world: the 2030 Agenda for Sustainable Development*, 2015.

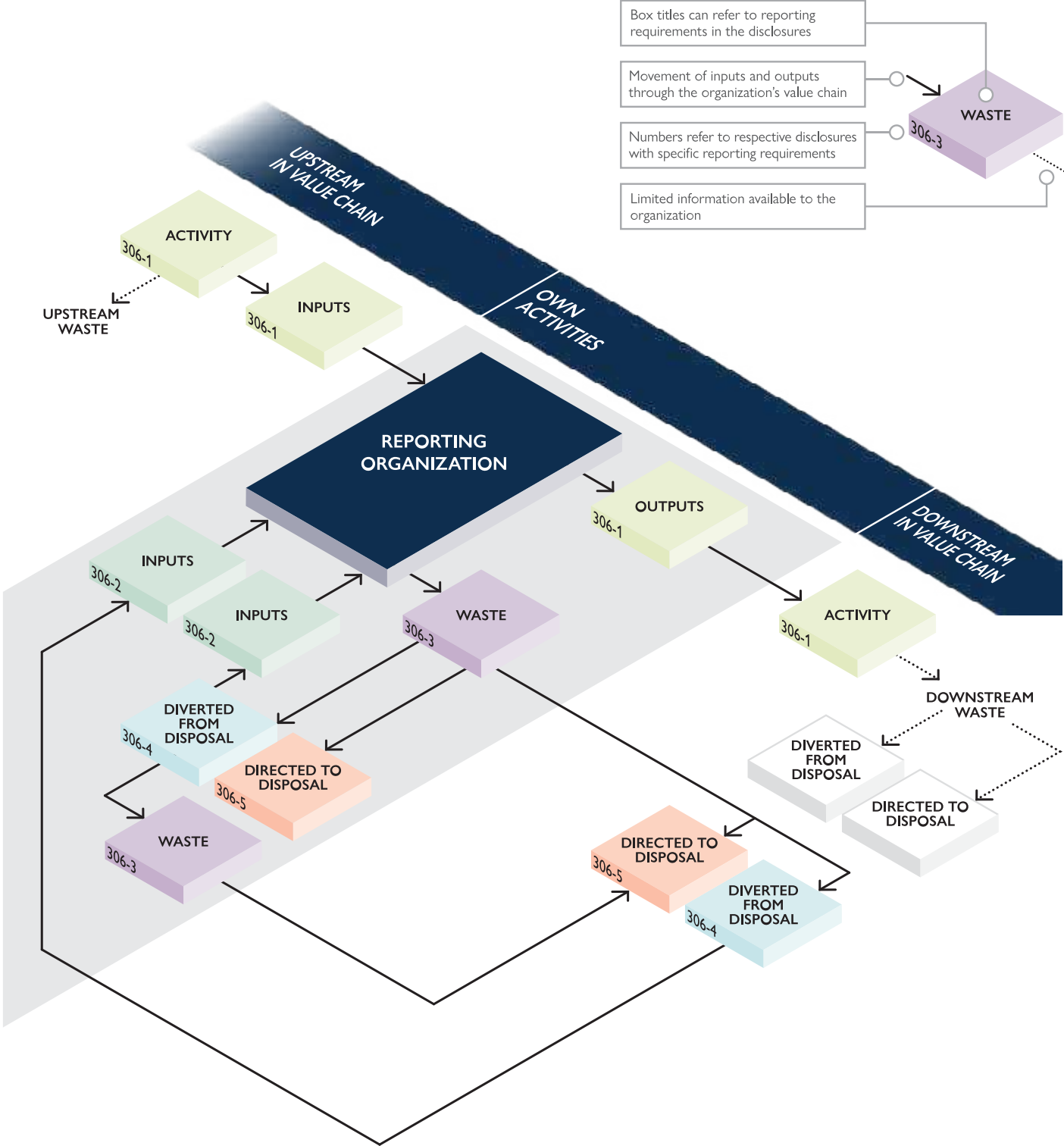
### Additional references:

9. United Nations Environment Programme (UNEP), *Global Waste Management Outlook*, 2015.
10. United Nations Environment Programme (UNEP), *Guidelines for National Waste Management Strategies: Moving from Challenges to Opportunities*, 2013.
11. World Resources Institute (WRI), *Food Loss and Waste Protocol*, <https://flwprotocol.org/>, accessed 19 May 2020.

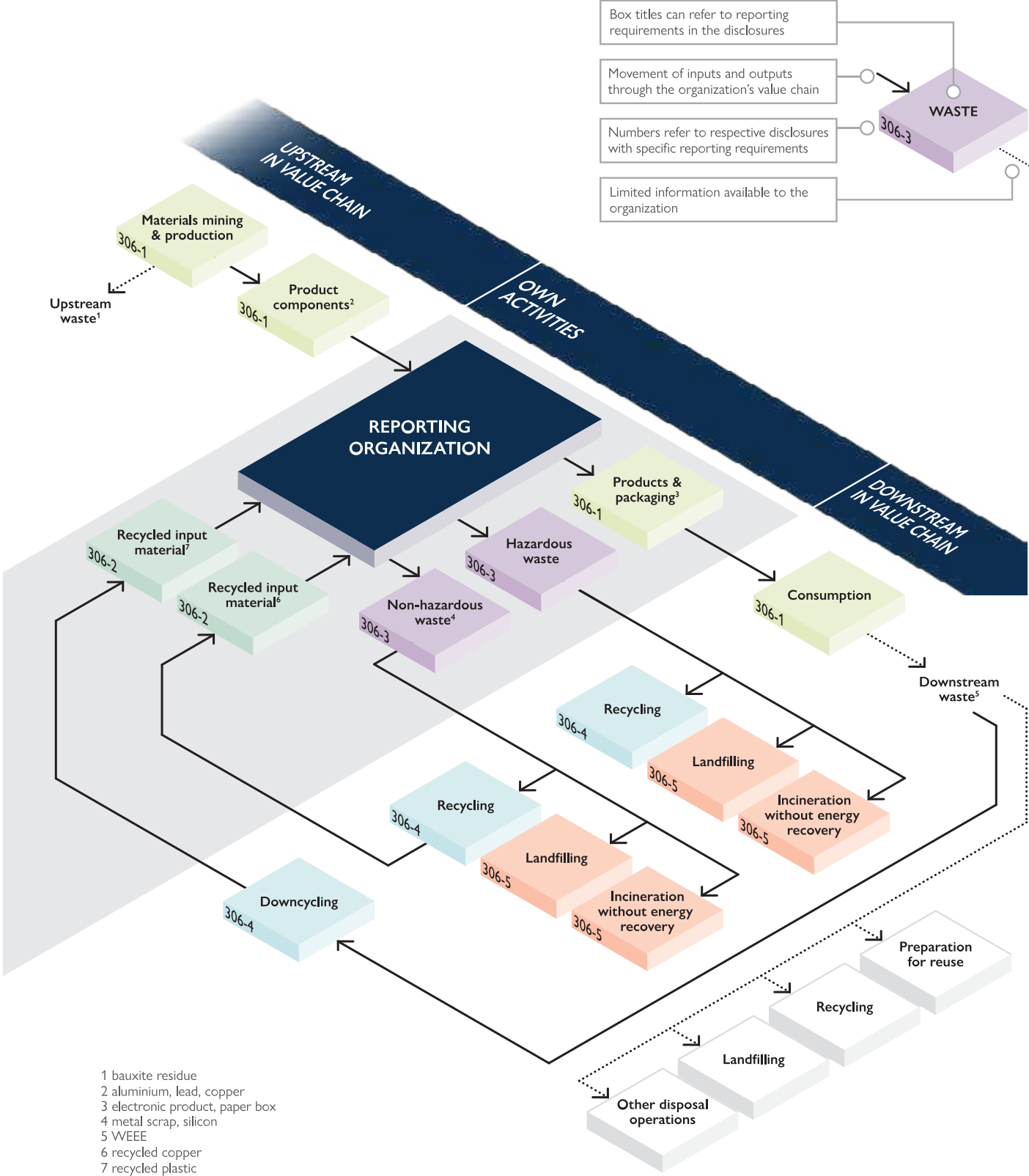
## **Appendix**

**Process flow examples (clause 1.2)**  
**Template examples for presenting information for Disclosures**  
**306-3, 306-4, and 306-5**

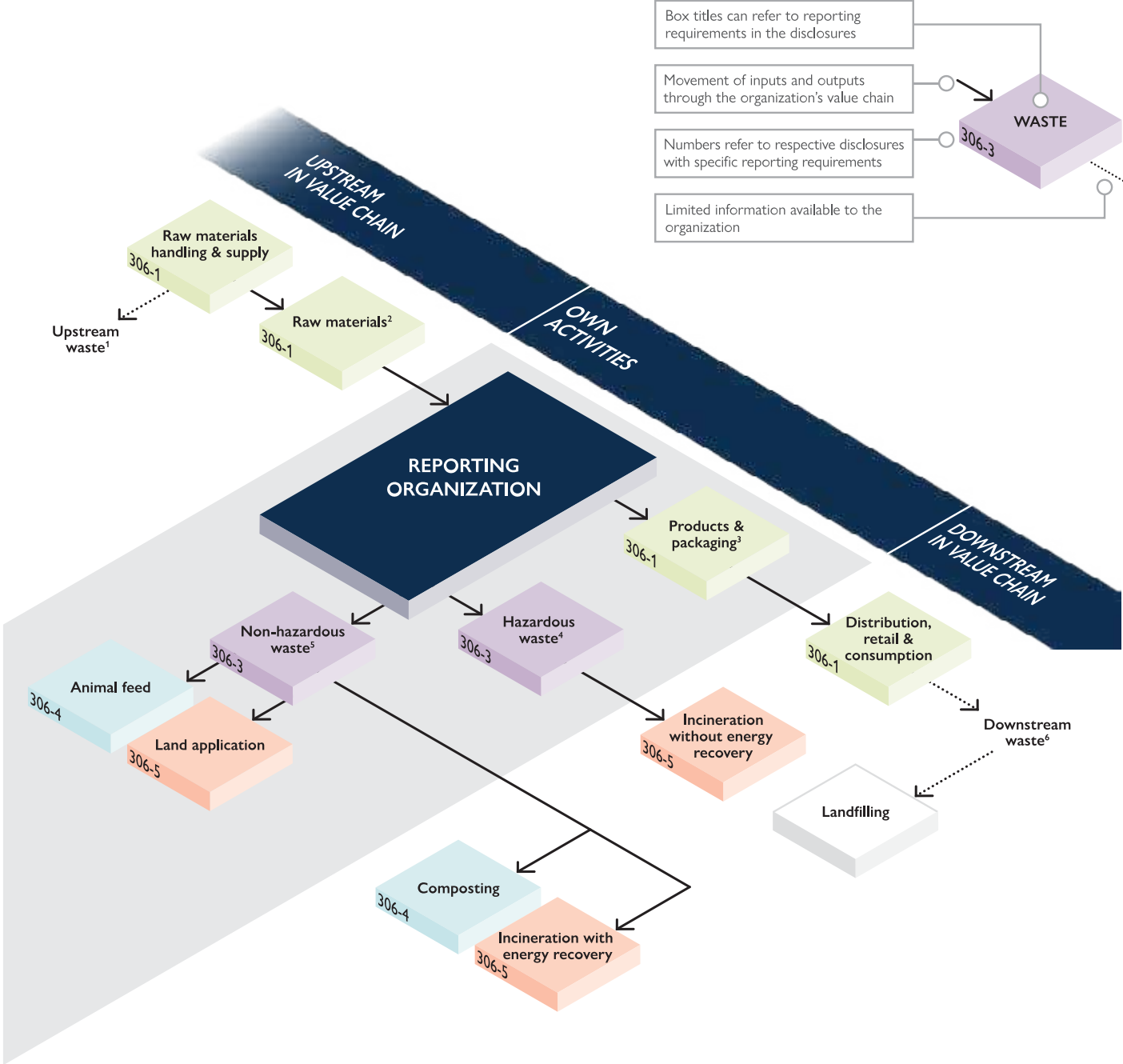
Process flow A. Generic example



Process flow B. Electronic consumer goods manufacturer

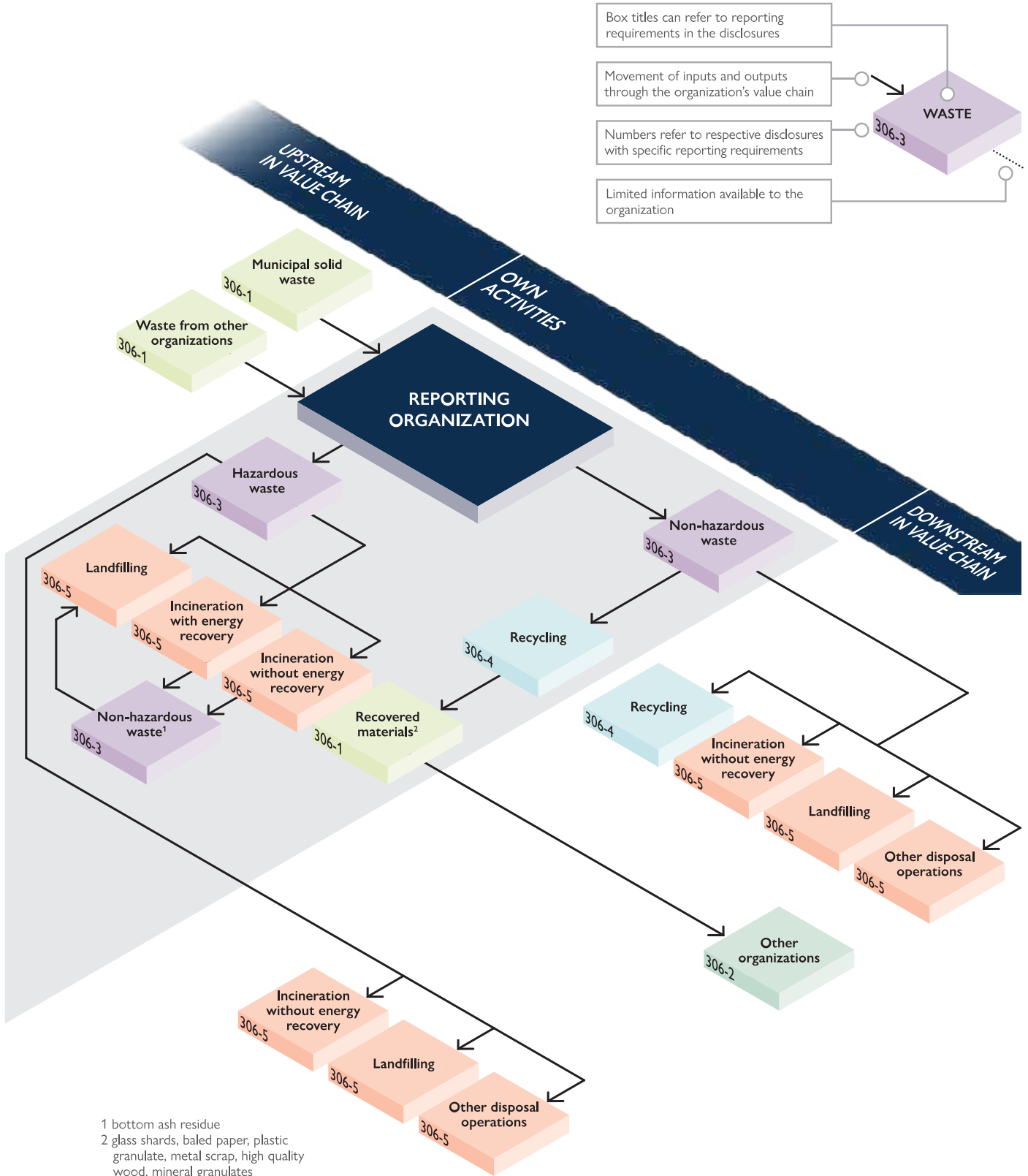


Process flow C. Food products manufacturer



1 spoiled fruit  
 2 fresh fruit  
 3 food product, plastic wrap  
 4 spoiled fruit  
 5 inedible parts  
 6 food waste and packaging waste

Process flow D. Waste management organization



## Template examples for presenting information for Disclosures 306-3, 306-4, and 306-5

Tables 1, 2, and 3 offer templates for presenting the information required under Disclosure 306-3 Waste generated, Disclosure 306-4 Waste diverted from disposal, and Disclosure 306-5 Waste directed to disposal. The organization can amend the tables according to its practices.

**Table 1. Waste by composition, in metric tons (t)**

	WASTE GENERATED	WASTE DIVERTED FROM DISPOSAL	WASTE DIRECTED TO DISPOSAL
<b>Waste composition</b>			
Category 1	t (306-3-a)	t (306-4-a)	t (306-5-a)
Category 2	t (306-3-a)	t (306-4-a)	t (306-5-a)
Category 3	t (306-3-a)	t (306-4-a)	t (306-5-a)
Etc.	t (306-3-a)	t (306-4-a)	t (306-5-a)
<b>Total waste</b>	<b>t (306-3-a)</b>	<b>t (306-4-a)</b>	<b>t (306-5-a)</b>

**Table 2. Waste diverted from disposal by recovery operation, in metric tons (t)**

	ONSITE	OFFSITE	TOTAL
<b>Hazardous waste</b>			
Preparation for reuse	t (306-4-d-i)	t (306-4-d-ii)	t (306-4-b-i)
Recycling	t (306-4-d-i)	t (306-4-d-ii)	t (306-4-b-ii)
Other recovery operations	t (306-4-d-i)	t (306-4-d-ii)	t (306-4-b-iii)
<b>Total</b>			<b>t (306-4-b)</b>
<b>Non-hazardous waste</b>			
Preparation for reuse	t (306-4-d-i)	t (306-4-d-ii)	t (306-4-c-i)
Recycling	t (306-4-d-i)	t (306-4-d-ii)	t (306-4-c-ii)
Other recovery operations	t (306-4-d-i)	t (306-4-d-ii)	t (306-4-c-iii)
<b>Total</b>			t (306-4-c)
<b>Waste prevented</b>			
Waste prevented			<b>t (clause 2.3)</b>



**Table 3. Waste directed to disposal by disposal operation, in metric tons (t)**

	ONSITE	OFFSITE	TOTAL
<b>Hazardous waste</b>			
Incineration (with energy recovery)	t (306-5-d-i)		t (306-5-b-i)
Incineration (without energy recovery)	t (306-5-d-i)	t (306-5-d-ii)	t (306-5-b-ii)
Landfilling	t (306-5-d-i)	t (306-5-d-ii)	t (306-5-b-iii)
Other disposal operations	t (306-5-d-i)	t (306-5-d-ii)	t (306-5-b-iv)
<b>Total</b>			<b>t (306-5-b)</b>
<b>Non-hazardous waste</b>			
Incineration (with energy recovery)	t (306-5-d-i)	t (306-5-d-ii)	t (306-5-c-i)
Incineration (without energy recovery)	t (306-5-d-i)	t (306-5-d-ii)	t (306-5-c-ii)
Landfilling	t (306-5-d-i)	t (306-5-d-ii)	t (306-5-c-iii)
Other disposal operations	t (306-5-d-i)	t (306-5-d-ii)	t (306-5-c-iv)
<b>Total</b>			<b>t (306-5-c)</b>



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# GRI 401: Employment 2016

EFFECTIVE DATE: 1 JULY 2018

TOPIC STANDARD

# 401



# GRI 401: Employment 2016

## Topic Standard

### **Effective date**

This Standard is effective for reports or other materials published on or after 1 July 2018.

### **Responsibility**

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

### **Due Process**

This Standard was developed in the public interest and in accordance with the requirements of the GSSB Due Process Protocol. It has been developed using multi-stakeholder expertise, and with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

### **Legal liability**

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# Introduction

*GRI 401: Employment 2016* contains disclosures for organizations to report information about their employment-related impacts, and how they manage these impacts.

The Standard is structured as follows:

- [Section 1](#) contains a requirement, which provides information about how the organization manages its employment-related impacts.
- [Section 2](#) contains three disclosures, which provide information about the organization's employment-related impacts.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses the topic of employment. This includes an organization's approach to employment or job creation, that is, an organization's approach to hiring, recruitment, retention and related practices, and the working conditions it provides. The Standard also covers the employment and working conditions in an organization's supply chain.

An employment relationship is a legal relationship between a worker and an organization that confers rights and obligations to both parties. This relationship is usually the means for determining whether employment or labor law is applicable or whether commercial law is applicable.

These concepts are covered in key instruments of the International Labour Organization, the Organisation for Economic Co-operation and Development, and the United Nations: see the [Bibliography](#).

## System of GRI Standards

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

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

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

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

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

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

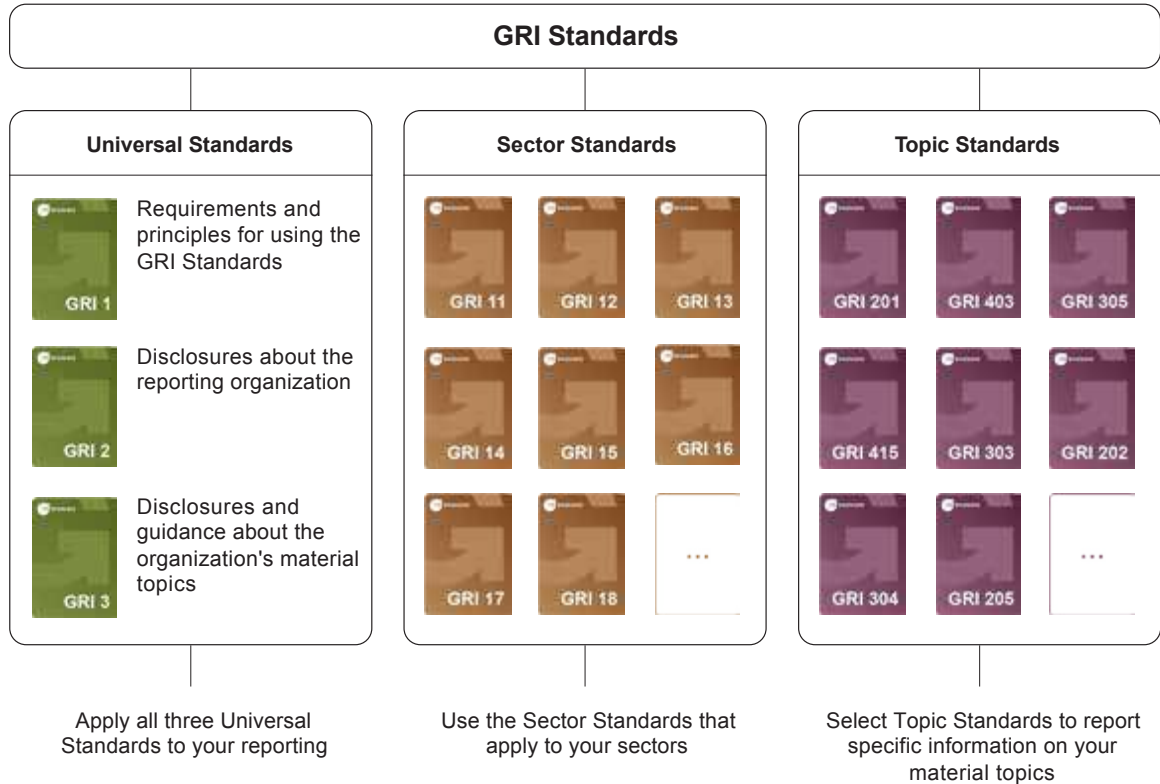
### Sector Standards

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

### Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using [GRI 3](#).

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



### Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its employment-related impacts. In addition to this Standard, conditions of work are also covered in detail in other GRI Standards:

- [GRI 402: Labor/Management Relations 2016](#)
- [GRI 403: Occupational Health and Safety 2018](#)
- [GRI 404: Training and Education 2016](#)
- [GRI 405: Diversity and Equal Opportunity 2016](#)
- [GRI 406: Non-discrimination 2016](#)

In addition, [Disclosure 2-7](#) and [Disclosure 2-8](#) in [GRI 2: General Disclosures 2021](#) require information on employees and other workers performing work for the organization, such as the total number of employees, and the total number of permanent and temporary employees, by gender and by region.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined employment to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's employment-related impacts ([Disclosure 401-1](#) through [Disclosure 401-3](#)).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

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

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

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

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

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

The following apply throughout this Standard:

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

Requirements may be accompanied by guidance.

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

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

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

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



# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined employment to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section).

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

**REQUIREMENTS** 1.1 **The reporting organization shall report how it manages employment using [Disclosure 3-3 in GRI 3: Material Topics 2021](#).**

**RECOMMENDATIONS** 1.2 The reporting organization should describe:

- 1.2.1 its policies or practices covering the relationships under which work is performed for the organization;
- 1.2.2 actions taken to determine and address situations where work undertaken within its supply chain does not take place within appropriate institutional and legal frameworks;
- 1.2.3 actions taken to determine and address situations where persons working for suppliers are not provided the social and labor protection that they are entitled to receive by national labor law;
- 1.2.4 actions taken to determine and address situations where working conditions in its supply chain do not meet international labor standards or national labor law;
- 1.2.5 actions taken to determine and address situations where work undertaken in its supply chain is inadequately remunerated;
- 1.2.6 actions taken to determine and address situations of disguised employment relationships where workers in its supply chain are falsely considered to be self-employed or where there is no legally recognized employer;
- 1.2.7 actions taken to determine and address situations where work undertaken in its supply chain that is performed at home is not subject to legally recognized contracts.

**GUIDANCE** **Guidance for clause 1.2**  
Policies or practices covering the relationships under which work is performed for an organization can include recognized employment relationships, the use of employees of other organizations (such as workers supplied by agencies), and the extent to which work is performed on a temporary or part-time basis. A description of policies and practices can include policies and practices with respect to discrimination, compensation, promotion, privacy, human resource development and industrial relations.

Work taking place within an appropriate institutional and legal framework usually entails a recognized employment relationship with an identifiable and legally recognized employer.

Conditions of work can include compensation, working time, rest periods, holidays, disciplinary and dismissal practices, maternity protection, the workplace environment, and occupational health and safety. They can also include the quality of living accommodations where provided, and welfare matters, such as safe drinking water, canteens and access to medical services.

Adequately remunerated work is work where wages and compensation for a standard working week, excluding overtime, meet legal and industry minimum standards, and are sufficient to meet the basic needs of workers and their families, and to provide them with some discretionary income. Actions taken to address situations where work is inadequately remunerated can include:

- dialogue with suppliers regarding the relationship of the prices paid to suppliers and the wages paid to workers;
- changes to an organization's procurement practices;
- support for collective bargaining to determine wages;
- determining the extent that overtime is used, whether it is mandatory, and whether it is compensated at a premium rate.

## 2. Topic disclosures

### Disclosure 401-1 New employee hires and employee turnover

#### REQUIREMENTS

The reporting organization shall report the following information:

- a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.
- b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.

#### Compilation requirements

- 2.1 ~~When compiling the information specified in Disclosure 401-1, the reporting organization shall use the total employee numbers at the end of the reporting period to calculate the rates of new employee hires and employee turnover.~~ See [Standard Interpretations](#).

#### RECOMMENDATIONS

- 2.2 When compiling the information specified in Disclosure 401-1, the reporting organization should use data from [Disclosure 2-7 in GRI 2: General Disclosures 2021](#) to identify the total number of employees.

#### GUIDANCE

##### Guidance for Disclosure 401-1

An organization can use the following age groups:

- Under 30 years old;
- 30-50 years old;
- Over 50 years old.

##### Background

The number, age, gender, and region of an organization's new employee hires can indicate its strategy and ability to attract diverse, qualified employees. This information can signify the organization's efforts to implement inclusive recruitment practices based on age and gender. It can also signify the optimal use of available labor and talent in different regions.

A high rate of employee turnover can indicate levels of uncertainty and dissatisfaction among employees. It can also signal a fundamental change in the structure of an organization's core operations. An uneven pattern of turnover by age or gender can indicate incompatibility or potential inequity in the workplace. Turnover results in changes to the human and intellectual capital of the organization and can impact productivity. Turnover has direct cost implications either in terms of reduced payroll or greater expenses for the recruitment of employees.

## **Disclosure 401-2** Benefits provided to full-time employees that are not provided to temporary or part-time employees

---

**REQUIREMENTS**

The reporting organization shall report the following information:

- a. **Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:
  - i. life insurance;
  - ii. health care;
  - iii. disability and invalidity coverage;
  - iv. parental leave;
  - v. retirement provision;
  - vi. stock ownership;
  - vii. others.**
- b. The definition used for 'significant locations of operation'.

### **Compilation requirements**

- 2.3 **When compiling the information specified in Disclosure 401-2, the reporting organization shall exclude in-kind benefits such as provision of sports or child day care facilities, free meals during working time, and similar general employee welfare programs.**

---

**GUIDANCE**

### **Background**

Data reported under this disclosure provide a measure of an organization's investment in human resources and the minimum benefits it offers its full-time employees. The quality of benefits for full-time employees is a key factor in retaining employees.

## Disclosure 401-3 Parental leave

### REQUIREMENTS

The reporting organization shall report the following information:

- a. Total number of employees that were entitled to parental leave, by gender.
- b. Total number of employees that took parental leave, by gender.
- c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender.
- d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.
- e. Return to work and retention rates of employees that took parental leave, by gender.

### RECOMMENDATIONS

- 2.4 When compiling the information specified in Disclosure 401-3, the reporting organization should use the following formulas to calculate the return to work and retention rates:

$$\text{Return to work rate} = \frac{\text{Total number of employees that did return to work after parental leave}}{\text{Total number of employees due to return to work after taking parental leave}} \times 100$$

$$\text{Retention rate} = \frac{\text{Total number of employees retained 12 months after returning to work following a period of parental leave}}{\text{Total number of employees returning from parental leave in the prior reporting period(s)}} \times 100$$

### GUIDANCE

#### Guidance for Disclosure 401-3

Employees entitled to parental leave means those employees that are covered by organizational policies, agreements or contracts that contain parental leave entitlements.

To determine who returned to work after parental leave ended and were still employed 12 months later, an organization can consult records from the prior reporting periods.

#### Background

Many countries have introduced legislation to provide parental leave. The aim of the legislation is to allow employees to take leave and return to work in the same or a comparable position.

The application of legislation varies according to interpretation by government, employers and employees. Many women are discouraged from taking leave and returning to work by employer practices that affect their employment security, remuneration and career path. Many men are not encouraged to take the leave to which they are entitled.

Equitable gender choice for maternity and paternity leave, and other leave entitlements, can lead to the greater recruitment and retention of qualified employees. It can also boost employee morale and productivity. Men's uptake of paternity leave options can indicate the degree to which an organization encourages fathers to take such leave. Men taking advantage of leave entitlements positively impacts women to take such leave without prejudicing their career path.

## Glossary

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

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

### B

#### **benefit**

direct benefit provided in the form of financial contributions, care paid for by the organization, or the reimbursement of expenses borne by the employee

Note: Redundancy payments over and above legal minimums, lay-off pay, extra employment injury benefit, survivors' benefits, and extra paid holiday entitlements can also be included as a benefit.

#### **business partner**

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

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

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

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

#### **business relationships**

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

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

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

### E

#### **employee**

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

#### **employee turnover**

employees who leave the organization voluntarily or due to dismissal, retirement, or death in service

### F

#### **full-time employee**

employee whose working hours per week, month, or year are defined according to national law or practice regarding working time

### H

#### **human rights**

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*

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

Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on 'human rights'.

---

**I** **impact**  
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

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See section 2.1 in [GRI 1: Foundation 2021](#) for more information on 'impact'.

---

**M** **material topics**  
topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights

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'.

---

**P** **parental leave**  
leave granted to men and women employees on the grounds of the birth of a child

**part-time employee**  
employee whose working hours per week, month, or year are less than the number of working hours for full-time employees

---

**S** **standard benefit**  
benefit typically offered to the majority of full-time employees

Note: Standard benefits do not need to be offered to every single full-time employee of the organization. The intention of reporting on standard benefits is to disclose what full-time employees can reasonably expect.

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

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

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

**supply chain**  
range of activities carried out by entities upstream from the organization, which provide products or services that are used in the development of the organization's own products or services

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

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

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

---

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

---

**V****value chain**

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

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

Note 2: The value chain includes the supply chain.

---

**W****worker**

person that performs work for the organization

Examples: employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for suppliers

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

## Bibliography

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

### Authoritative instruments:

1. International Labour Organization (ILO) Convention 102, 'Social Security (Minimum Standards) Convention', 1952.
2. International Labour Organization (ILO) Convention 121, 'Employment Injury Benefits Convention', 1964.
3. International Labour Organization (ILO) Convention 128, 'Invalidity, Old-Age and Survivors' Benefits Convention', 1967.
4. International Labour Organization (ILO) Convention 130, 'Medical Care and Sickness Benefits Convention', 1969.
5. International Labour Organization (ILO) Convention 132, 'Holidays with Pay Convention (Revised)', 1970.
6. International Labour Organization (ILO) Convention 140, 'Paid Educational Leave Convention', 1974.
7. International Labour Organization (ILO) Convention 156, 'Workers with Family Responsibilities Convention', 1981.
8. International Labour Organization (ILO) Convention 157, 'Maintenance of Social Security Rights Convention', 1982.
9. International Labour Organization (ILO) Convention 168, 'Employment Promotion and Protection against Unemployment Convention', 1988.
10. International Labour Organization (ILO) Convention 183, 'Maternity Protection Convention', 2000.
11. International Labour Organization (ILO) Declaration, 'Declaration Concerning the Aims and Purposes of the International Labour Organization (Declaration of Philadelphia)', 1944.
12. International Labour Organization (ILO) Declaration, 'Declaration of Social Justice for a Fair Globalization', 2008.
13. International Labour Organization (ILO), 'Decent Work', 1999.
14. International Labour Organization (ILO) Recommendation 198, 'Employment Relationship Recommendation', 2006.
15. International Labour Organization (ILO), 'Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy', 2006.
16. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
17. United Nations (UN) Convention, 'International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families', 1990.



## Standard Interpretations

### **Standard Interpretation 1 to GRI 401: *Employment 2016* on calculating the rates of new employee hires and employee turnover**

#### **Responsibility**

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

#### **Relevant section**

Clause 2.1 in *GRI 401: Employment 2016*

#### **Issue**

Disclosure 401-1 New employee hires and employee turnover in *GRI 401: Employment 2016* requires organizations to report the total numbers and rates of new employee hires and employee turnover during the reporting period, by age group, gender and region.

[Clause 2.1](#) in *GRI 401* further requires organizations to use the total employee numbers at the end of the reporting period to calculate the rates of new employee hires and employee turnover.

Feedback from users of the GRI Standards indicated that the required methodology in clause 2.1 is incorrect.

#### **Interpretation Statement**

An organization is *not* required to comply with [clause 2.1](#) in *GRI 401: Employment 2016* ('The reporting organization shall use the total employee numbers at the end of the reporting period to calculate the rates of new employee hires and employee turnover').

The organization is free to choose the methodology for calculating these rates.

The organization is recommended to adequately describe data measurements and bases for calculations (see the [Accuracy principle in GRI 1: Foundation 2021](#)). When using ratios or normalized data, the organization is recommended to report total numbers or absolute data and provide explanatory notes (see the [Comparability principle in GRI 1](#)).

#### **Effective date**

This Standard Interpretation is effective for reports or other materials published on or after 1 July 2018.



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# GRI 404: Training and Education 2016

EFFECTIVE DATE: 1 JULY 2018

TOPIC STANDARD

# 404



# GRI 404: Training and Education 2016

## Topic Standard

### **Effective date**

This Standard is effective for reports or other materials published on or after 1 July 2018.

### **Responsibility**

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

### **Due Process**

This Standard was developed in the public interest and in accordance with the requirements of the GSSB Due Process Protocol. It has been developed using multi-stakeholder expertise, and with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

### **Legal liability**

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# Introduction

*GRI 404: Training and Education 2016* contains disclosures for organizations to report information about their training and education-related impacts, and how they manage these impacts.

The Standard is structured as follows:

- [Section 1](#) contains a requirement, which provides information about how the organization manages its training and education-related impacts.
- [Section 2](#) contains three disclosures, which provide information about the organization's training and education-related impacts.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses the topic of training and education. This includes an organization's approach to training and upgrading employee skills, and performance and career development reviews. It also includes transition assistance programs to facilitate continued employability, and the management of career endings due to retirement or termination.

These concepts are covered in key instruments of the International Labour Organization and the Organisation for Economic Co-operation and Development: see the [Bibliography](#).

## System of GRI Standards

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

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

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

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

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

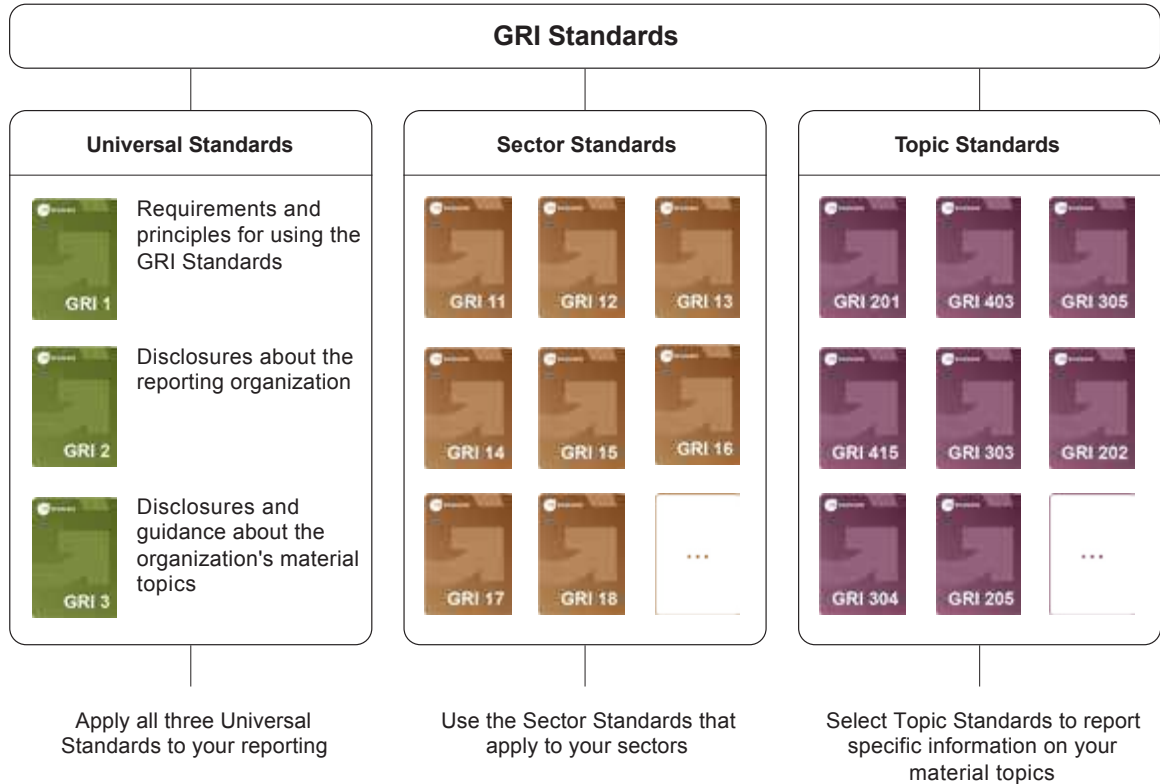
[GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

### Sector Standards

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

### Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using [GRI 3](#).

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

### Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its training and education-related impacts.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined training and education to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's training and education-related impacts (Disclosure 404-1 through Disclosure 404-3).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

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

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

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

**Requirements, guidance and defined terms**

The following apply throughout this Standard:

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

Requirements may be accompanied by guidance.

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

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

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

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



# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined training and education to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section).

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

---

<b>REQUIREMENTS</b>	<b>1.1</b>	<b>The reporting organization shall report how it manages training and education using <a href="#">Disclosure 3-3 in GRI 3: Material Topics 2021</a>.</b>
---------------------	------------	---

## 2. Topic disclosures

### Disclosure 404-1 Average hours of training per year per employee

#### REQUIREMENTS

The reporting organization shall report the following information:

- a. Average hours of training that the organization's **employees** have undertaken during the reporting period, by:
  - i. **gender**;
  - ii. **employee category**.

#### RECOMMENDATIONS

- 2.1 When compiling the information specified in Disclosure 404-1, the reporting organization should:
  - 2.1.1 express employee numbers as either head count or full-time equivalent (FTE), and disclose and apply the approach consistently in the period, and between periods;
  - 2.1.2 use data from [Disclosure 2-7 in GRI 2: General Disclosures 2021](#) to identify the total number of employees;
  - 2.1.3 draw from the information used for [Disclosure 405-1 in GRI 405: Diversity and Equal Opportunity 2016](#) to identify the total number of employees by employee category.

#### GUIDANCE

##### Guidance for Disclosure 404-1

This disclosure provides insight into the scale of an organization's investment in training, and the degree to which the investment is made across the entire employee base.

In the context of this Standard, 'training' refers to:

- all types of vocational training and instruction;
- paid educational leave provided by an organization for its employees;
- training or education pursued externally and paid for in whole or in part by an organization;
- training on specific topics.

Training does not include on-site coaching by supervisors.

To calculate the information in Disclosure 404-1, the reporting organization can use the following formulas:

$$\text{Average training hours per employee} = \frac{\text{Total number of training hours provided to employees}}{\text{Total number of employees}}$$

$$\text{Average training hours per female} = \frac{\text{Total number of training hours provided to female employees}}{\text{Total number of female employees}}$$

$$\text{Average training hours per male} = \frac{\text{Total number of training hours provided to male employees}}{\text{Total number of male employees}}$$

$$\text{Average training hours per employee category} = \frac{\text{Total number of training hours provided to each category of employees}}{\text{Total number of employees in category}}$$

A number of calculations can be undertaken to report on employee categories. These calculations are specific to each organization.

## Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs

---

**REQUIREMENTS**

The reporting organization shall report the following information:

- a. **Type and scope of programs implemented and assistance provided to upgrade employee skills.**
- b. **Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.**

---

**GUIDANCE****Guidance for Disclosure 404-2**

Employee training programs that aim to upgrade skills can include:

- internal training courses;
- funding support for external training or education;
- the provision of sabbatical periods with guaranteed return to employment.

Transition assistance programs provided to support employees who are retiring or who have been terminated can include:

- pre-retirement planning for intended retirees;
- retraining for those intending to continue working;
- severance pay, which can take into account employee age and years of service;
- job placement services;
- assistance (such as training, counselling) on transitioning to a non-working life.

**Background**

Programs for upgrading employee skills allow an organization to plan skills acquisition that equips employees to meet strategic targets in a changing work environment. More skilled employees enhance the organization's human capital and contribute to employee satisfaction, which correlates strongly with improved performance. For those facing retirement, confidence and quality of work relations is improved by the knowledge that they are supported in their transition from work to retirement.

## Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews

### REQUIREMENTS

The reporting organization shall report the following information:

- a. **Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.**

### RECOMMENDATIONS

- 2.2 When compiling the information specified in Disclosure 404-3, the reporting organization should:
  - 2.2.1 use data from [Disclosure 2-7 in GRI 2: General Disclosures 2021](#) to identify the total number of employees;
  - 2.2.2 draw from the information used for [Disclosure 405-1 in GRI 405: Diversity and Equal Opportunity 2016](#) to identify the total number of employees by employee category.

### GUIDANCE

#### Background

This disclosure measures the extent to which an organization regularly appraises employee performance. This aids the personal development of individual employees. It also contributes to skills management and to the development of human capital within the organization. This disclosure also demonstrates the extent to which this system is applied throughout the organization, and whether there is inequity of access to these opportunities.

Regular performance and career development reviews can also enhance employee satisfaction, which correlates with improved organizational performance. This disclosure helps demonstrate how an organization works to monitor and maintain the skill sets of its employees. When reported in conjunction with Disclosure 404-2, the disclosure also helps to illustrate how the organization approaches skills enhancement.

## Glossary

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

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

<b>C</b>	<p><b>continued employability</b> adaptation to the changing demands of the workplace through the acquisition of new skills</p>
<b>E</b>	<p><b>employee</b> individual who is in an employment relationship with the organization according to national law or practice</p> <p><b>employee category</b> breakdown of <u>employees</u> by level (such as senior management, middle management) and function (such as technical, administrative, production)</p> <p>Note: This information is derived from the organization's own human resources system.</p>
<b>H</b>	<p><b>human rights</b> rights inherent to all human beings, which include, at a minimum, the rights set out in the <i>United Nations (UN) International Bill of Human Rights</i> and the principles concerning fundamental rights set out in the <i>International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work</i></p> <p>Source: United Nations (UN), <i>Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework</i>, 2011; modified</p> <p>Note: See <a href="#">Guidance to 2-23-b-i in GRI 2: General Disclosures 2021</a> for more information on 'human rights'.</p>
<b>I</b>	<p><b>impact</b> effect the organization has or could have on the economy, environment, and people, including on their <u>human rights</u>, which in turn can indicate its contribution (negative or positive) to <u>sustainable development</u></p> <p>Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.</p> <p>Note 2: See section 2.1 in <a href="#">GRI 1: Foundation 2021</a> for more information on 'impact'.</p>
<b>M</b>	<p><b>material topics</b> topics that represent the organization's most significant <u>impacts</u> on the economy, environment, and people, including impacts on their <u>human rights</u></p> <p>Note: See <a href="#">section 2.2 in GRI 1: Foundation 2021</a> and <a href="#">section 1 in GRI 3: Material Topics 2021</a> for more information on 'material topics'.</p>
<b>R</b>	<p><b>regular performance and career development review</b> review based on criteria known to the <u>employee</u> and his or her superior</p> <p>Note 1: The review is undertaken with the knowledge of the employee at least once per year.</p> <p>Note 2: The review can include an evaluation by the employee's direct superior, peers, or a wider range of employees. The review can also involve the human resources department.</p>
<b>S</b>	<p><b>sustainable development / sustainability</b> development that meets the needs of the present without compromising the ability of future</p>

generations to meet their own needs

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

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

## Bibliography

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

### Authoritative instruments:

1. International Labour Organization (ILO) Convention 140, 'Paid Educational Leave Convention', 1974.
2. International Labour Organization (ILO) Convention 142, 'Human Resources Development Convention', 1975.
3. International Labour Organization (ILO) Convention 155, 'Occupational Safety and Health Convention' and related Protocol 155, 1981.
4. International Labour Organization (ILO) Convention 168, 'Employment Promotion and Protection against Unemployment Convention', 1988.
5. International Labour Organization (ILO), 'Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy', 2006.
6. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.





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# GRI 413: Local Communities 2016

EFFECTIVE DATE: 1 JULY 2018

TOPIC STANDARD

# 413



# GRI 413: Local Communities 2016

## Topic Standard

### Effective date

This Standard is effective for reports or other materials published on or after 1 July 2018.

### Responsibility

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

### Due Process

This Standard was developed in the public interest and in accordance with the requirements of the GSSB Due Process Protocol. It has been developed using multi-stakeholder expertise, and with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

### Legal liability

This document, designed to promote sustainability reporting, has been developed by the Global Sustainability Standards Board (GSSB) through a unique multi-stakeholder consultative process involving representatives from organizations and report information users from around the world. While the GRI Board of Directors and GSSB encourage the use of the GRI Sustainability Reporting Standards (GRI Standards) and related Interpretations by all organizations, the preparation and publication of reports based fully or partially on the GRI Standards and related Interpretations are the full responsibility of those producing them. Neither the GRI Board of Directors, GSSB, nor Stichting Global Reporting Initiative (GRI) can assume responsibility for any consequences or damages resulting directly or indirectly from the use of the GRI Standards and related Interpretations in the preparation of reports, or the use of reports based on the GRI Standards and related Interpretations.

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# Introduction

*GRI 413: Local Communities 2016* contains disclosures for organizations to report information about their impacts related to local communities, and how they manage these impacts.

The Standard is structured as follows:

- [Section 1](#) contains a requirement, which provides information about how the organization manages its impacts related to local communities.
- [Section 2](#) contains two disclosures, which provide information about the organization's impacts related to local communities.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments and additional references used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses the topic of local communities. In the GRI Standards, local communities are defined as individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities. The local community can range from those living adjacent to the organization's operations to those living at a distance.

An organization's activities and infrastructure can have significant economic, social, cultural, and/or environmental impacts on local communities. Where possible, organizations are expected to anticipate and avoid negative impacts on local communities. Establishing a timely and effective stakeholder identification and engagement process is important to help organizations understand the vulnerability of local communities and how these might be affected by the organization's activities.

Due to the heterogeneous nature of local communities, an organization is expected to consider the differentiated nature of communities and the distinct and specific vulnerabilities these groups can suffer as a result of the organization's activities.

These concepts are covered in key instruments of the Organisation for Economic Co-operation and Development and the United Nations: see the [Bibliography](#).

## System of GRI Standards

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

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

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

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

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

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

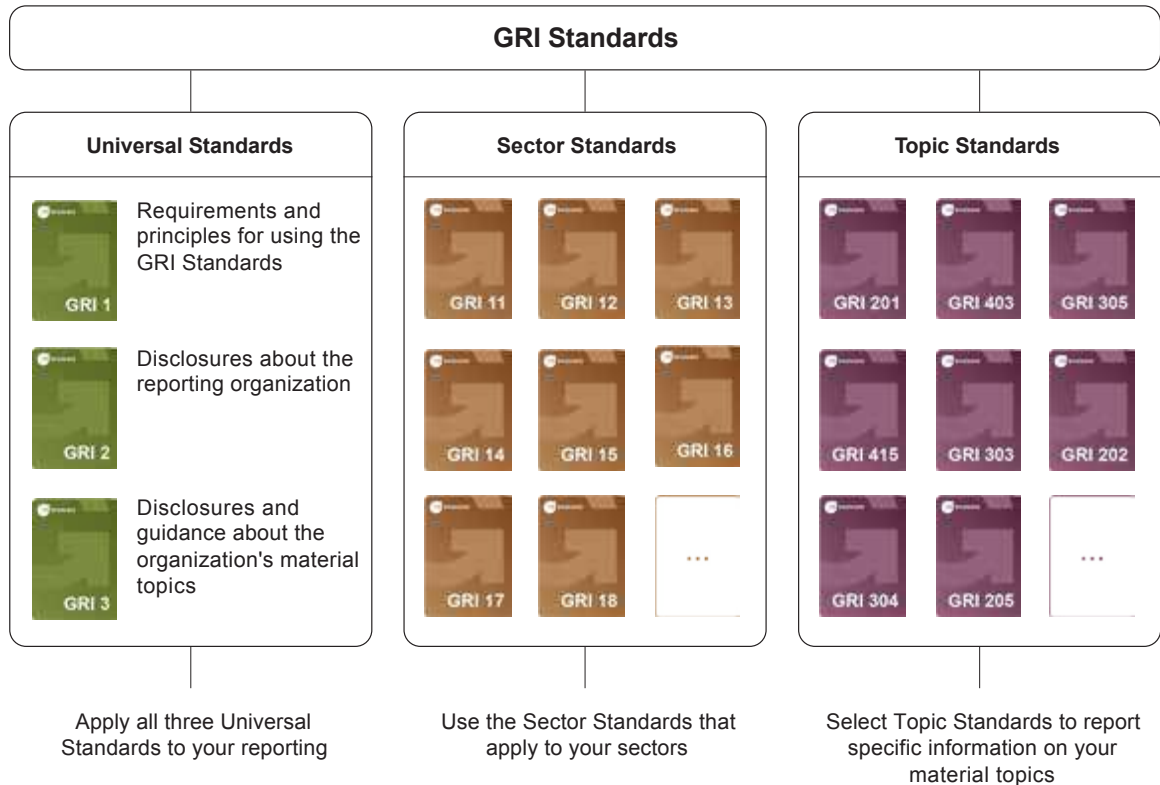
### Sector Standards

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

### Topic Standards

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

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



### Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its impacts related to local communities.

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined local communities to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's impacts related to local communities (Disclosure 413-1 through Disclosure 413-2).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

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

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

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

**Requirements, guidance and defined terms**

The following apply throughout this Standard:

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

Requirements may be accompanied by guidance.

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

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

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

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



# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its material topics.

An organization that has determined local communities to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section).

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

**REQUIREMENTS** 1.1 **The reporting organization shall report how it manages local communities using [Disclosure 3-3 in GRI 3: Material Topics 2021](#).**

**GUIDANCE** The reporting organization can also describe:

- the means by which stakeholders are identified and engaged with;
- which vulnerable groups have been identified;
- any collective or individual rights that have been identified that are of particular concern for the community in question;
- how it engages with stakeholder groups that are particular to the community (for example, groups defined by age, indigenous background, ethnicity or migration status);
- the means by which its departments and other bodies address risks and impacts, or support independent third parties to engage with stakeholders and address risks and impacts.

## **Background**

Communities have individual and collective rights deriving from, among others, international declarations and conventions such as:

- the United Nations (UN) Declaration, 'Universal Declaration of Human Rights', 1948;
- the United Nations (UN) Convention, 'International Covenant on Civil and Political Rights', 1966;
- the United Nations (UN) Convention, 'International Covenant on Economic, Social, and Cultural Rights', 1966;
- the United Nations (UN) Declaration, 'Declaration on the Right to Development', 1986.

Other standards such as the International Finance Corporation's (IFC) Performance Standards (PS) also provide widely-accepted good practice approaches for organizational assessment, engagement and treatment of community-related impact issues (see IFC PS1 – Assessment and Management of Environmental and Social Risks and Impacts, and PS4 – Community Health, Safety, and Security).

## 2. Topic disclosures

### Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs

<b>REQUIREMENTS</b>	<p>The reporting organization shall report the following information:</p> <ol style="list-style-type: none"> <li>a. Percentage of operations with implemented <b>local community</b> engagement, impact assessments, and/or development programs, including the use of:             <ol style="list-style-type: none"> <li>i. <b>social impact assessments, including gender impact assessments, based on participatory processes;</b></li> <li>ii. <b>environmental impact assessments and ongoing monitoring;</b></li> <li>iii. <b>public disclosure of results of environmental and social impact assessments;</b></li> <li>iv. <b>local <u>community development programs</u> based on local communities' needs;</b></li> <li>v. <b>stakeholder engagement plans based on stakeholder mapping;</b></li> <li>vi. <b>broad based local community consultation committees and processes that include <u>vulnerable groups</u>;</b></li> <li>vii. <b>works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;</b></li> <li>viii. <b>formal local community grievance processes.</b></li> </ol> </li> </ol>
<b>RECOMMENDATIONS</b>	<p>2.1 When compiling the information specified in Disclosure 413-1, the reporting organization should use the data from <a href="#">Disclosure 2-6 in GRI 2: General Disclosures 2021</a> to identify the total number of operations, if the organization has reported its total number of operations when describing its activities.</p>
<b>GUIDANCE</b>	<p><b>Background</b></p> <p>A key element in managing impacts on people in local communities is assessment and planning in order to understand the actual and potential impacts, and strong engagement with local communities to understand their expectations and needs. There are many elements that can be incorporated into local community engagement, impact assessments, and development programs. This disclosure seeks to identify which elements have been consistently applied, organization-wide.</p> <p>Where possible, organizations are expected to anticipate and avoid negative impacts on local communities. Where this is not possible, or where residual impacts remain, organizations are expected to manage those impacts appropriately, including grievances, and to compensate local communities for negative impacts.</p> <p>Establishing a timely and effective stakeholder identification and engagement process is important to help organizations understand the vulnerability of local communities and how these might be affected by the organization's activities. A stakeholder engagement process both in early planning stages as well as during operations, can help establish lines of communication between an organization's various departments (planning, finance, environment, production, etc.) and key stakeholder interest groups in the community. This enables an organization to consider the views of community stakeholders in its decisions, and to address its potential impacts on local communities in a timely manner.</p> <p>Organizations can utilize a number of useful tools to engage communities, including social and human rights impact assessments, which include a diverse set of approaches for proper identification of stakeholders and community characteristics. These can be based on issues such as ethnic background, indigenous descent, gender, age, migrant status, socioeconomic status, literacy levels, disabilities, income level, infrastructure availability or specific human health vulnerabilities which may exist within stakeholder communities.</p> <p>An organization is expected to consider the differentiated nature of local communities and to take specific action to identify and engage vulnerable groups. This might require adopting differentiated measures to allow the effective participation of vulnerable groups, such as making</p>

information available in alternate languages or format for those who are not literate or who do not have access to printed materials. Where necessary, organizations are expected to establish additional or separate processes so that negative impacts on vulnerable or disadvantaged groups are avoided, minimized, mitigated or compensated.<sup>1</sup>

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<sup>1</sup> International Finance Corporation (IFC), *Guidance Notes: Performance Standards on Environmental and Social Sustainability*, 2012.

## Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities

### REQUIREMENTS

The reporting organization shall report the following information:

- a. **Operations with significant actual and potential negative impacts on local communities, including:**
  - i. **the location of the operations;**
  - ii. **the significant actual and potential negative impacts of operations.**

### RECOMMENDATIONS

- 2.2 When compiling the information specified in Disclosure 413-2, the reporting organization should:
  - 2.2.1 report the vulnerability and risk to local communities from potential negative impacts due to factors including:
    - 2.2.1.1 the degree of physical or economic isolation of the local community;
    - 2.2.1.2 the level of socioeconomic development, including the degree of gender equality within the community;
    - 2.2.1.3 the state of socioeconomic infrastructure, including health and education infrastructure;
    - 2.2.1.4 the proximity to operations;
    - 2.2.1.5 the level of social organization;
    - 2.2.1.6 the strength and quality of the governance of local and national institutions around local communities;
  - 2.2.2 report the exposure of the local community to its operations due to higher than average use of shared resources or impact on shared resources, including:
    - 2.2.2.1 the use of hazardous substances that have an impact on the environment and human health in general, and specifically have an impact on reproductive health;
    - 2.2.2.2 the volume and type of pollution released;
    - 2.2.2.3 the status as major employer in the local community;
    - 2.2.2.4 land conversion and resettlement;
    - 2.2.2.5 natural resource consumption;
  - 2.2.3 for each of the significant actual and potential negative economic, social, cultural, and/or environmental impacts on local communities and their rights, describe:
    - 2.2.3.1 the intensity or severity of the impact;
    - 2.2.3.2 the likely duration of the impact;
    - 2.2.3.3 the reversibility of the impact;
    - 2.2.3.4 the scale of the impact.

### GUIDANCE

#### Guidance for Disclosure 413-2

Internal sources of information about actual and potential negative impacts of operations on local communities can include:

- actual performance data;
- internal investment plans and associated risk assessments;
- all data collected with topic disclosures as they relate to individual communities. For example: [GRI 203: Indirect Economic Impacts 2016](#), [GRI 301: Materials 2016](#), [GRI 302: Energy 2016](#), [GRI 303: Water and Effluents 2018](#), [GRI 304: Biodiversity 2016](#), [GRI 305: Emissions 2016](#), [GRI 306: Waste 2020](#), [GRI 403: Occupational Health and Safety 2018](#), [GRI 408: Child Labor 2016](#), [GRI 409: Forced or Compulsory Labor 2016](#), [GRI 410: Security Practices 2016](#), [GRI 411: Rights of Indigenous Peoples 2016](#), and [GRI 416: Customer Health and Safety 2016](#).

#### Background

This disclosure is focused on significant actual and potential negative impacts related to an organization's operations and not on community investments or donations, which are addressed by [GRI 201: Economic Performance 2016](#).

This disclosure informs stakeholders about an organization's awareness of its negative impacts on local communities. It also enables the organization to better prioritize and improve

its organization-wide attention to local communities.

## Glossary

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

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

- 
- B** **business partner**  
entity with which the organization has some form of direct and formal engagement for the purpose of meeting its business objectives
- Source: Shift and Mazars LLP, *UN Guiding Principles Reporting Framework*, 2015; modified
- Examples: affiliates, business-to-business customers, clients, first-tier suppliers, franchisees, joint venture partners, investee companies in which the organization has a shareholding position
- Note: Business partners do not include subsidiaries and affiliates that the organization controls.
- business relationships**  
relationships that the organization has with business partners, with entities in its value chain including those beyond the first tier, and with any other entities directly linked to its operations, products, or services
- Source: United Nations (UN), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011; modified
- Note: Examples of other entities directly linked to the organization's operations, products, or services are a non-governmental organization with which the organization delivers support to a local community or state security forces that protect the organization's facilities.
- 
- C** **child**  
person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher
- Note 1: Exceptions can occur in certain countries where economies and educational facilities are insufficiently developed, and a minimum age of 14 years applies. These countries of exception are specified by the International Labour Organization (ILO) in response to a special application by the country concerned and in consultation with representative organizations of employers and workers.
- Note 2: The ILO *Minimum Age Convention*, 1973, (No. 138), refers to both child labor and young workers.
- community development program**  
plan that details actions to minimize, mitigate, or compensate for adverse social and/or economic impacts, and/or to identify opportunities or actions to enhance positive impacts of a project on the community
- 
- E** **employee**  
individual who is in an employment relationship with the organization according to national law or practice
- 
- H** **human rights**  
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*

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

Note: See [Guidance to 2-23-b-i in GRI 2: General Disclosures 2021](#) for more information on 'human rights'.

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### **impact**

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

Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.

Note 2: See section 2.1 in [GRI 1: Foundation 2021](#) for more information on 'impact'.

### **indigenous peoples**

indigenous peoples are generally identified as:

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

Source: International Labour Organization (ILO), *Indigenous and Tribal Peoples Convention*, 1989 (No. 169)

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### **local community**

individuals or groups of individuals living or working in areas that are affected or that could be affected by the organization's activities

Note: The local community can range from those living adjacent to the organization's operations to those living at a distance.

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### **material topics**

topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights

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'.

---

### **operation with significant actual or potential negative impacts on local communities**

operation, considered alone or in combination with the characteristics of local communities, that has a higher than average potential of negative impacts, or actual negative impacts, on the social, economic or environmental well-being of local communities

Note: Examples of negative impacts on local communities can include impacts to local community health and safety.

---

### **severity (of an impact)**

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

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

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

**supplier**

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

Examples brokers, consultants, contractors, distributors, franchisees, home [workers](#), independent contractors, licensees, manufacturers, primary producers, sub-contractors, wholesalers

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

**supply chain**

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

**sustainable development / sustainability**

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

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

Note: The terms 'sustainability' and 'sustainable development' are used interchangeably in the GRI Standards.

**V**

**value chain**

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

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

Note 2: The value chain includes the [supply chain](#).

**vulnerable group**

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

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

Note: Vulnerabilities and impacts can differ by gender.

**W**

**worker**

person that performs work for the organization

Examples: [employees](#), agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for [suppliers](#)

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



## Bibliography

This section lists authoritative intergovernmental instruments and additional references used in developing this Standard.

### **Authoritative instruments:**

1. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
2. Organisation for Economic Co-operation and Development (OECD), *Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones*, 2006.
3. United Nations (UN) Convention, 'International Covenant on Civil and Political Rights', 1966.
4. United Nations (UN) Convention, 'International Covenant on Economic, Social, and Cultural Rights', 1966.
5. United Nations (UN) Declaration, 'Declaration on the Right to Development', 1986.
6. United Nations (UN) Declaration, 'Universal Declaration of Human Rights', 1948.

### **Additional references:**

7. International Finance Corporation (IFC), *Performance Standards on Environmental and Social Sustainability*, 2012.
8. International Finance Corporation (IFC), *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*, 2007.



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# GRI 416: Customer Health and Safety 2016

EFFECTIVE DATE: 1 JULY 2018

TOPIC STANDARD

# 416



# GRI 416: Customer Health and Safety 2016

## Topic Standard

### Effective date

This Standard is effective for reports or other materials published on or after 1 July 2018.

### Responsibility

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

### Due Process

This Standard was developed in the public interest and in accordance with the requirements of the GSSB Due Process Protocol. It has been developed using multi-stakeholder expertise, and with regard to authoritative intergovernmental instruments and widely held expectations of organizations relating to social, environmental, and economic responsibilities.

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# Introduction

*GRI 416: Customer Health and Safety 2016* contains disclosures for organizations to report information about their impacts related to customer health and safety, and how they manage these impacts.

The Standard is structured as follows:

- [Section 1](#) contains a requirement, which provides information about how the organization manages its impacts related to customer health and safety.
- [Section 2](#) contains two disclosures, which provide information about the organization's impacts related to customer health and safety.
- The [Glossary](#) contains defined terms with a specific meaning when used in the GRI Standards. The terms are underlined in the text of the GRI Standards and linked to the definitions.
- The [Bibliography](#) lists authoritative intergovernmental instruments used in developing this Standard.

The rest of the Introduction section provides a background on the topic, an overview of the system of GRI Standards and further information on using this Standard.

## Background on the topic

This Standard addresses the topic of customer health and safety, including an organization's systematic efforts to address health and safety across the life cycle of a product or service, and its adherence to customer health and safety regulations and voluntary codes.

These concepts are covered in key instruments of the Organisation for Economic Co-operation and Development: see the [Bibliography](#).

## System of GRI Standards

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

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

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

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

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

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

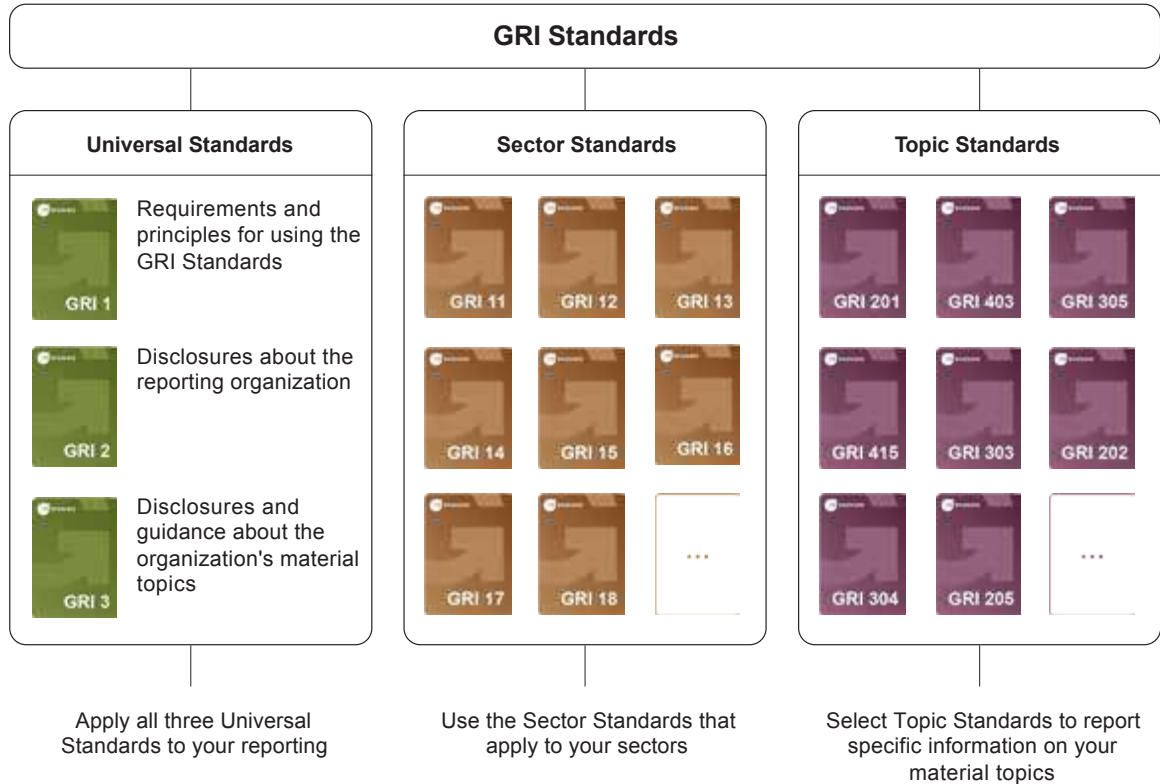
### Sector Standards

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

### Topic Standards

The Topic Standards contain disclosures that the organization uses to report information about its impacts in relation to particular topics. The organization uses the Topic Standards according to the list of material topics it has determined using [GRI 3](#).

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



### Using this Standard

This Standard can be used by any organization – regardless of size, type, sector, geographic location, or reporting experience – to report information about its impacts related to customer health and safety. In addition to this Standard, disclosures that relate to this topic can be found in [GRI 417: Marketing and Labeling 2016](#).

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined customer health and safety to be a material topic:

- [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this Standard);
- Any disclosures from this Topic Standard that are relevant to the organization's impacts related to customer health and safety (Disclosure 416-1 through Disclosure 416-2).

See [Requirements 4 and 5 in GRI 1: Foundation 2021](#).

Reasons for omission are permitted for these disclosures.

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

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

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

**Requirements, guidance and defined terms**

The following apply throughout this Standard:

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

Requirements may be accompanied by guidance.

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

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

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

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



# 1. Topic management disclosures

An organization reporting in accordance with the GRI Standards is required to report how it manages each of its [material topics](#).

An organization that has determined customer health and safety to be a material topic is required to report how it manages the topic using [Disclosure 3-3 in GRI 3: Material Topics 2021](#) (see clause 1.1 in this section).

This section is therefore designed to supplement – and not replace – Disclosure 3-3 in *GRI 3*.

**REQUIREMENTS** 1.1 **The reporting organization shall report how it manages customer health and safety using [Disclosure 3-3 in GRI 3: Material Topics 2021](#).**

**GUIDANCE** The reporting organization can also disclose whether the health and safety impacts of products and services are assessed for improvement in each of the following life cycle stages:

- Development of product concept
- Research and development
- Certification
- Manufacturing and production
- Marketing and promotion
- Storage, distribution, and supply
- Use and service
- Disposal, reuse, or recycling

## 2. Topic disclosures

### **Disclosure 416-1** Assessment of the health and safety impacts of product and service categories

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**REQUIREMENTS**

The reporting organization shall report the following information:

- a. **Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.**

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**GUIDANCE****Guidance for Disclosure 416-1**

This measure helps to identify the existence and range of systematic efforts to address health and safety across the life cycle of a product or service. In reporting the information in Disclosure 416-1, the reporting organization can also describe the criteria used for the assessment.

## Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

### REQUIREMENTS

The reporting organization shall report the following information:

- a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, by:
  - i. incidents of non-compliance with regulations resulting in a fine or penalty;
  - ii. incidents of non-compliance with regulations resulting in a warning;
  - iii. incidents of non-compliance with voluntary codes.
- b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.

### Compilation requirements

- 2.1 When compiling the information specified in Disclosure 416-2, the reporting organization shall:
  - 2.1.1 exclude incidents of non-compliance in which the organization was determined not to be at fault;
  - 2.1.2 exclude incidents of non-compliance related to Incidents related to labeling are reported in [Disclosure 417-2 of GRI 417: Marketing and Labelling 2016](#);
  - 2.1.3 if applicable, identify any incidents of non-compliance that relate to events in periods prior to the reporting period.

### GUIDANCE

#### Guidance for Disclosure 416-2

The incidents of non-compliance that occur within the reporting period can relate to incidents formally resolved during the reporting period, whether they occurred in periods prior to the reporting period or not.

#### Background

Protection of health and safety is a recognized goal of many national and international regulations. Customers expect products and services to perform their intended functions satisfactorily, and not pose a risk to health and safety. Customers have a right to non-hazardous products. Where their health and safety is affected, customers also have the right to seek redress.

This disclosure addresses the life cycle of the product or service once it is available for use, and therefore subject to regulations and voluntary codes concerning the health and safety of products and services.

# Glossary

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

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

<b>H</b>	<p><b>human rights</b> rights inherent to all human beings, which include, at a minimum, the rights set out in the <i>United Nations (UN) International Bill of Human Rights</i> and the principles concerning fundamental rights set out in the <i>International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work</i></p> <p>Source: United Nations (UN), <i>Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework</i>, 2011; modified</p> <p>Note: See <a href="#">Guidance to 2-23-b-i in GRI 2: General Disclosures 2021</a> for more information on ‘human rights’.</p>
<b>I</b>	<p><b>impact</b> effect the organization has or could have on the economy, environment, and people, including on their <u>human rights</u>, which in turn can indicate its contribution (negative or positive) to <u>sustainable development</u></p> <p>Note 1: Impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible.</p> <p>Note 2: See section <a href="#">2.1 in GRI 1: Foundation 2021</a> for more information on ‘impact’.</p>
<b>M</b>	<p><b>material topics</b> topics that represent the organization’s most significant <u>impacts</u> on the economy, environment, and people, including impacts on their <u>human rights</u></p> <p>Note: See <a href="#">section 2.2 in GRI 1: Foundation 2021</a> and <a href="#">section 1 in GRI 3: Material Topics 2021</a> for more information on ‘material topics’.</p>
<b>P</b>	<p><b>product or service category</b> group of related products or services sharing a common, managed set of features that satisfy the specific needs of a selected market</p>
<b>R</b>	<p><b>reporting period</b> specific time period covered by the reported information</p> <p>Examples: fiscal year, calendar year</p>
<b>S</b>	<p><b>sustainable development / sustainability</b> development that meets the needs of the present without compromising the ability of future generations to meet their own needs</p> <p>Source: World Commission on Environment and Development, <i>Our Common Future</i>, 1987</p> <p>Note: The terms ‘sustainability’ and ‘sustainable development’ are used interchangeably in the GRI Standards.</p>

## Bibliography

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

**Authoritative instruments:**

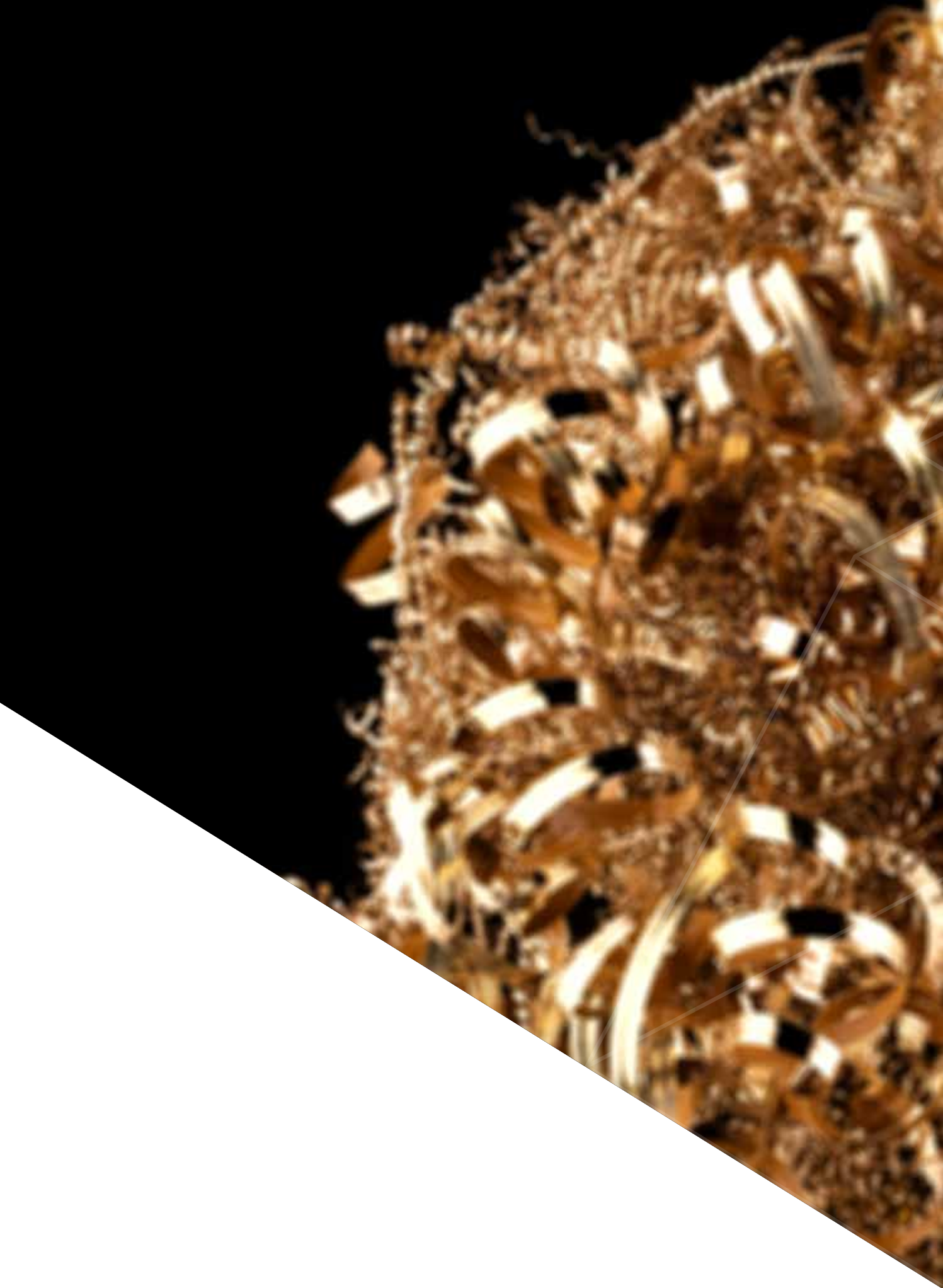
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