

GRI 413: LOCAL COMMUNITIES 2016

GRI 413

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About this Standard

Responsibility	This Standard is issued by the Global Sustainability Standards Board (GSSB) . Any feedback on the GRI Standards can be submitted to standards@globalreporting.org for the consideration of the GSSB.
Scope	<i>GRI 413: Local Communities</i> sets out reporting requirements on the topic of local communities. This Standard can be used by an organization of any size, type, sector or geographic location that wants to report on its impacts related to this topic.
Normative references	This Standard is to be used together with the most recent versions of the following documents. GRI 101: Foundation GRI 103: Management Approach GRI Standards Glossary In the text of this Standard, terms defined in the Glossary are <u>underlined</u> .
Effective date	This Standard is effective for reports or other materials published on or after 1 July 2018. Earlier adoption is encouraged.

Note: This document includes hyperlinks to other Standards. In most browsers, using **'ctrl' + click** will open external links in a new browser window. After clicking on a link, use **'alt' + left arrow** to return to the previous view.

Introduction

A. Overview

This Standard is part of the set of GRI Sustainability Reporting Standards (GRI Standards). These Standards are designed to be used by organizations to report about their impacts on the economy, the environment, and society.

The GRI Standards are structured as a set of interrelated, modular standards. The full set can be downloaded at www.globalreporting.org/standards/.

There are three universal Standards that apply to every organization preparing a sustainability report:

GRI 101: Foundation

GRI 102: General Disclosures

GRI 103: Management Approach

***GRI 101: Foundation* is the starting point for using the GRI Standards. It has essential information on how to use and reference the Standards.**

An organization then selects from the set of topic-specific GRI Standards for reporting on its material topics. These Standards are organized into three series: 200 (Economic topics), 300 (Environmental topics) and 400 (Social topics).

Each topic Standard includes disclosures specific to that topic, and is designed to be used together with *GRI 103: Management Approach*, which is used to report the management approach for the topic.

***GRI 413: Local Communities* is a topic-specific GRI Standard in the 400 series (Social topics).**

B. Using the GRI Standards and making claims

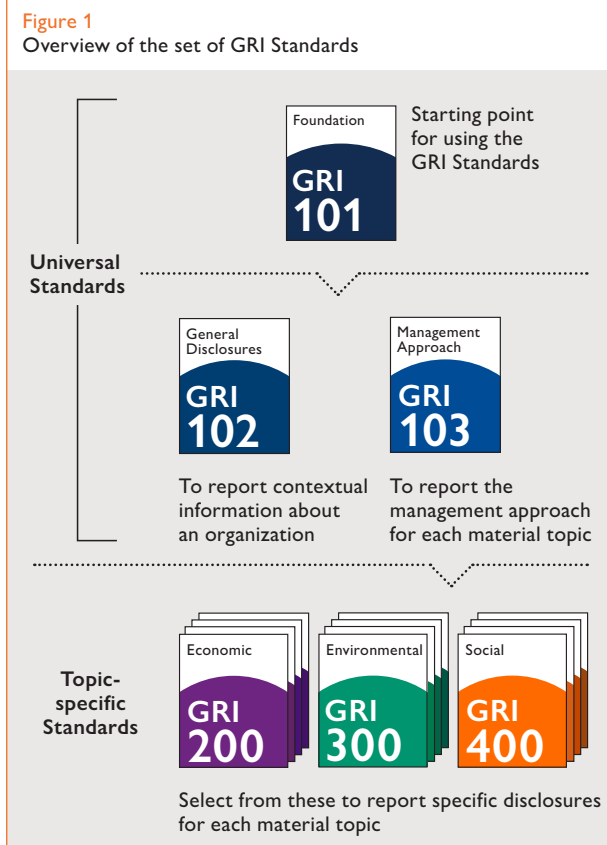
There are two basic approaches for using the GRI Standards. For each way of using the Standards there is a corresponding claim, or statement of use, which an organization is required to include in any published materials.

1. The GRI Standards can be used as a set to prepare a sustainability report that is in accordance with the Standards. There are two options for preparing a report in accordance (Core or Comprehensive), depending on the extent of disclosures included in the report.

An organization preparing a report in accordance with the GRI Standards uses this Standard, *GRI 413: Local Communities*, if this is one of its material topics.

2. Selected GRI Standards, or parts of their content, can also be used to report specific information, without preparing a report in accordance with the Standards. Any published materials that use the GRI Standards in this way are to include a 'GRI-referenced' claim.

See Section 3 of *GRI 101: Foundation* for more information on how to use the GRI Standards, and the specific claims that organizations are required to include in any published materials.



C. Requirements, recommendations and guidance

The GRI Standards include:

Requirements. These are mandatory instructions. In the text, requirements are presented in **bold font** and indicated with the word 'shall'. Requirements are to be read in the context of recommendations and guidance; however, an organization is not required to comply with recommendations or guidance in order to claim that a report has been prepared in accordance with the Standards.

Recommendations. These are cases where a particular course of action is encouraged, but not required. In the text, the word 'should' indicates a recommendation.

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

An organization is required to comply with all applicable requirements in order to claim that its report has been prepared in accordance with the GRI Standards. See [GRI 101: Foundation](#) for more information.

These concepts are covered in key instruments of the Organisation for Economic Co-operation and Development and the United Nations: see [References](#).

The disclosures in this Standard can provide information about an organization's impacts related to local communities, and how it manages these impacts.

D. Background context

In the context of the GRI Standards, the social dimension of sustainability concerns an organization's impacts on the social systems within which it operates.

GRI 413 addresses the topic of local communities. In the GRI Standards, local communities are defined as persons or groups of persons living and/or working in any areas that are economically, socially or environmentally impacted (positively or negatively) by an organization's operations. The local community can range from persons living adjacent to an organization's operations, to those living at a distance who are still likely to be impacted by these operations.

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.

GRI 413: Local Communities

This Standard includes disclosures on the management approach and topic-specific disclosures. These are set out in the Standard as follows:

- Management approach disclosures (this section references *GRI 103*)
- Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs
- Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities

1. Management approach disclosures

Management approach disclosures are a narrative explanation of how an organization manages a material topic, the associated impacts, and stakeholders' reasonable expectations and interests. Any organization that claims its report has been prepared in accordance with the GRI Standards is required to report on its management approach for every material topic, as well as reporting topic-specific disclosures for those topics.

Therefore, this topic-specific Standard is designed to be used together with *GRI 103: Management Approach* in order to provide full disclosure of the organization's impacts. *GRI 103* specifies how to report on the management approach and what information to provide.

Reporting requirements

- 1.1 The reporting organization shall report its management approach for local communities using [GRI 103: Management Approach](#).

Management approach disclosures

Continued

Guidance

When reporting its management approach for local communities, 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.

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).

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.

2. Topic-specific disclosures

Disclosure 413-1

Operations with local community engagement, impact assessments, and development programs

Reporting requirements

The reporting organization shall report the following information:

- a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of:
 - i. social impact assessments, including gender impact assessments, based on participatory processes;
 - ii. environmental impact assessments and ongoing monitoring;
 - iii. public disclosure of results of environmental and social impact assessments;
 - iv. local community development programs based on local communities' needs;
 - v. stakeholder engagement plans based on stakeholder mapping;
 - vi. broad based local community consultation committees and processes that include vulnerable groups;
 - vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts;
 - viii. formal local community grievance processes.

Disclosure
413-1

Reporting recommendations

- 2.1 When compiling the information specified in Disclosure 413-1, the reporting organization should use data from [Disclosure 102-7](#) in *GRI 102: General Disclosures* to identify the total number of operations.

Guidance

Background

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.

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.

Disclosure 413-1**Continued**

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.

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.

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 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.¹

¹ 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

Reporting requirements

Disclosure
413-2

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.

Reporting 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 impact the environment and human health in general, and specifically impact 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.

Disclosure 413-2

Continued

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-specific disclosures as they relate to individual communities. For example: *GRI 203: Indirect Economic Impacts*, *GRI 301: Materials*, *GRI 302: Energy*, *GRI 303: Water and Effluents*, *GRI 304: Biodiversity*, *GRI 305: Emissions*, *GRI 306: Effluents and Waste*, *GRI 403: Occupational Health and Safety*, *GRI 408: Child Labor*, *GRI 409: Forced or Compulsory Labor*, *GRI 410: Security Practices*, *GRI 411: Rights of Indigenous Peoples*, and *GRI 416: Customer Health and Safety*.

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*.

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 includes definitions for terms used in this Standard, which apply when using this Standard. These definitions 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.

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

impact

In the GRI Standards, unless otherwise stated, 'impact' refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development.

Note 1: In the GRI Standards, the term 'impact' can refer to positive, negative, actual, potential, direct, indirect, short-term, long-term, intended, or unintended impacts.

Note 2: Impacts on the economy, environment, and/or society can also be related to consequences for the organization itself. For example, an impact on the economy, environment, and/or society can lead to consequences for the organization's business model, reputation, or ability to achieve its objectives.

local community

persons or groups of persons living and/or working in any areas that are economically, socially or environmentally impacted (positively or negatively) by an organization's operations

Note: The local community can range from persons living adjacent to an organization's operations, to those living at a distance who are still likely to be impacted by these operations.

material topic

topic that reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders

Note 1: For more information on identifying a material topic, see the [Reporting Principles for defining report content](#) in *GRI 101: Foundation*.

Note 2: To prepare a report in accordance with the GRI Standards, an organization is required to report on its material topics.

Note 3: Material topics can include, but are not limited to, the topics covered by the GRI Standards in the 200, 300, and 400 series.

operation with significant actual or potential negative impacts on local communities

an 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.

vulnerable group

set or subset of persons with some specific physical, social, political, or economic condition or characteristic that places the group at a higher risk of suffering a burden, or at a risk of suffering a disproportionate burden of the social, economic or environmental impacts of the organization's operations

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

Note 2: Vulnerabilities and impacts can differ by gender.

References

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

Authoritative intergovernmental 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.

Other relevant 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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