

GRI 401: EMPLOYMENT 2016

GRI 401

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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 401: Employment</i> sets out reporting requirements on the topic of employment. 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 401: Employment* 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.

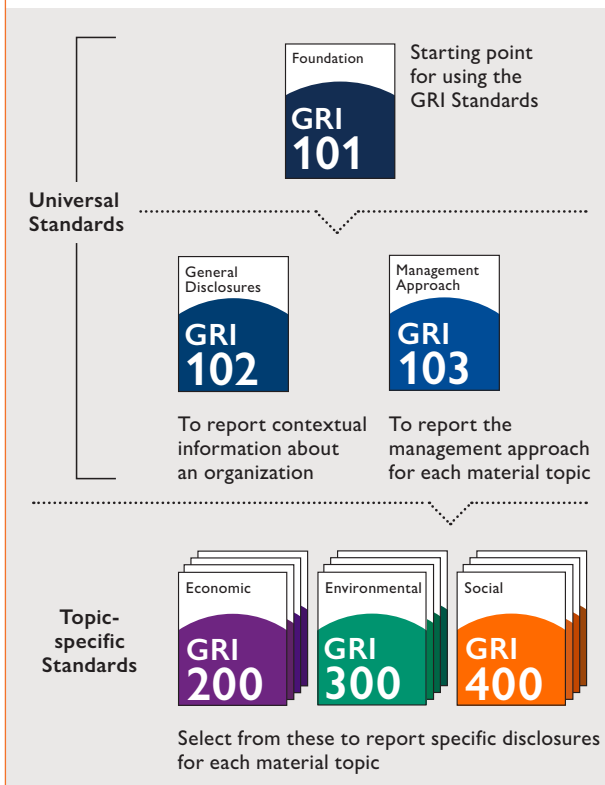
1. The GRI Standards can be used as a set to prepare a sustainability report that is in accordance with the Standards. There are two options for preparing a report in accordance (Core or Comprehensive), depending on the extent of disclosures included in the report.

An organization preparing a report in accordance with the GRI Standards uses this Standard, *GRI 401: Employment*, 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.

Figure 1
Overview of the set of GRI Standards



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.

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 401 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. *GRI 401* 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 [References](#).

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

Conditions of work are also covered in detail in other Standards:

- [GRI 402: Labor/Management Relations](#)
- [GRI 403: Occupational Health and Safety](#)
- [GRI 404: Training and Education](#)
- [GRI 405: Diversity and Equal Opportunity](#)
- [GRI 406: Non-discrimination](#)

In addition, [Disclosure 102-8](#) in *GRI 102: General Disclosures* requires information on employees and other workers performing an organization's activities, such as the total number of employees by employment contract (permanent and temporary), by gender.

GRI 401: Employment

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 401-1 New employee hires and employee turnover
- Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
- Disclosure 401-3 Parental leave

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 employment using *GRI 103: Management Approach*.

Management approach disclosures

Continued

Reporting 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-specific disclosures

Disclosure 401-1

New employee hires and employee turnover

Reporting requirements

Disclosure
401-1

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.

Standard
Interpretation

- 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.~~

Reporting recommendations

- 2.2 When compiling the information specified in Disclosure 401-1, the reporting organization should use data from [Disclosure 102-7](#) in *GRI 102: General Disclosures* 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

Reporting 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'.

Disclosure
401-2

- 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

Reporting 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.

Disclosure
401-3

Reporting 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 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.

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.

employee

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

employee turnover

employees who leave the organization voluntarily or due to dismissal, retirement, or death in service

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.

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.

parental leave

leave granted to men and women employees on the grounds of the birth of a child

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

organization or person that provides a product or service used in the supply chain of the reporting organization

Note 1: A supplier is further characterized by a genuine direct or indirect commercial relationship with the organization.

Note 2: Examples of suppliers can include, but are not limited to:

- Brokers: Persons or organizations that buy and sell products, services, or assets for others, including contracting agencies that supply labor.
- Consultants: Persons or organizations that provide expert advice and services on a legally recognized professional and commercial basis. Consultants are legally recognized as self-employed or are legally recognized as employees of another organization.
- Contractors: Persons or organizations working onsite or offsite on behalf of an organization. A contractor can contract their own workers directly, or contract sub-contractors or independent contractors.
- Distributors: Persons or organizations that supply products to others.
- Franchisees or licensees: Persons or organizations that are granted a franchise or license by the reporting organization. Franchises and licenses permit specified commercial activities, such as the production and sale of a product.
- Home workers: Persons at home or in other premises of their choice, other than the workplace of the employer, who perform work for remuneration and which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used.
- Independent contractors: Persons or organizations working for an organization, a contractor, or a sub-contractor.
- Manufacturers: Persons or organizations that make products for sale.
- Primary producers: Persons or organizations that grow, harvest, or extract raw materials.
- Sub-contractors: Persons or organizations working onsite or offsite on behalf of an organization that have a direct contractual relationship with a contractor or sub-contractor, but not necessarily with the organization. A sub-contractor can contract their own workers directly or contract independent contractors.
- Wholesalers: Persons or organizations that sell products in large quantities to be retailed by others.

supply chain

sequence of activities or parties that provides products or services to an organization

worker

person that performs work

Note 1: The term 'workers' includes, but is not limited to, employees.

Note 2: Further examples of workers include interns, apprentices, self-employed persons, and persons working for organizations other than the reporting organization, e.g., for suppliers.

Note 3: In the context of the GRI Standards, in some cases it is specified whether a particular subset of workers is to be used.

References

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

Authoritative intergovernmental instruments:

1. International Labour Organization (ILO) 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.

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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 standards@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.

Where the basis of measurement/calculation for a disclosure is not apparent, the organization is recommended to explain the basis of measurement/calculation used (see [clause 2.7.2](#) in *GRI 101: Foundation 2016*). When using ratios or normalized data, the organization is recommended to provide absolute data and explanatory notes (see [clause 2.7.3](#) in *GRI 101*).

Effective date

This Standard Interpretation is effective for reports or other materials published on or after 1 July 2018.