



# GRI 405: Diversity and Equal Opportunity 2016

EFFECTIVE DATE: 1 JULY 2018

TOPIC STANDARD

# 405

# GRI 405: Diversity and Equal Opportunity 2016

## Topic Standard

### Effective date

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

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ISBN 978-90-8866-116-7

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# Introduction

*GRI 405: Diversity and Equal Opportunity 2016* contains disclosures for organizations to report information about their impacts related to diversity and equal opportunity at work, 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 diversity and equal opportunity at work.
- [Section 2](#) contains two disclosures, which provide information about the organization's impacts related to diversity and equal opportunity at work.
- 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 an organization's approach to diversity and equal opportunity at work.

When an organization actively promotes diversity and equality at work, it can generate significant benefits for both the organization and workers. For example, the organization can gain access to a larger and more diverse set of potential workers. These benefits also flow through to society in general, as greater equality promotes social stability and supports further economic development.

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.

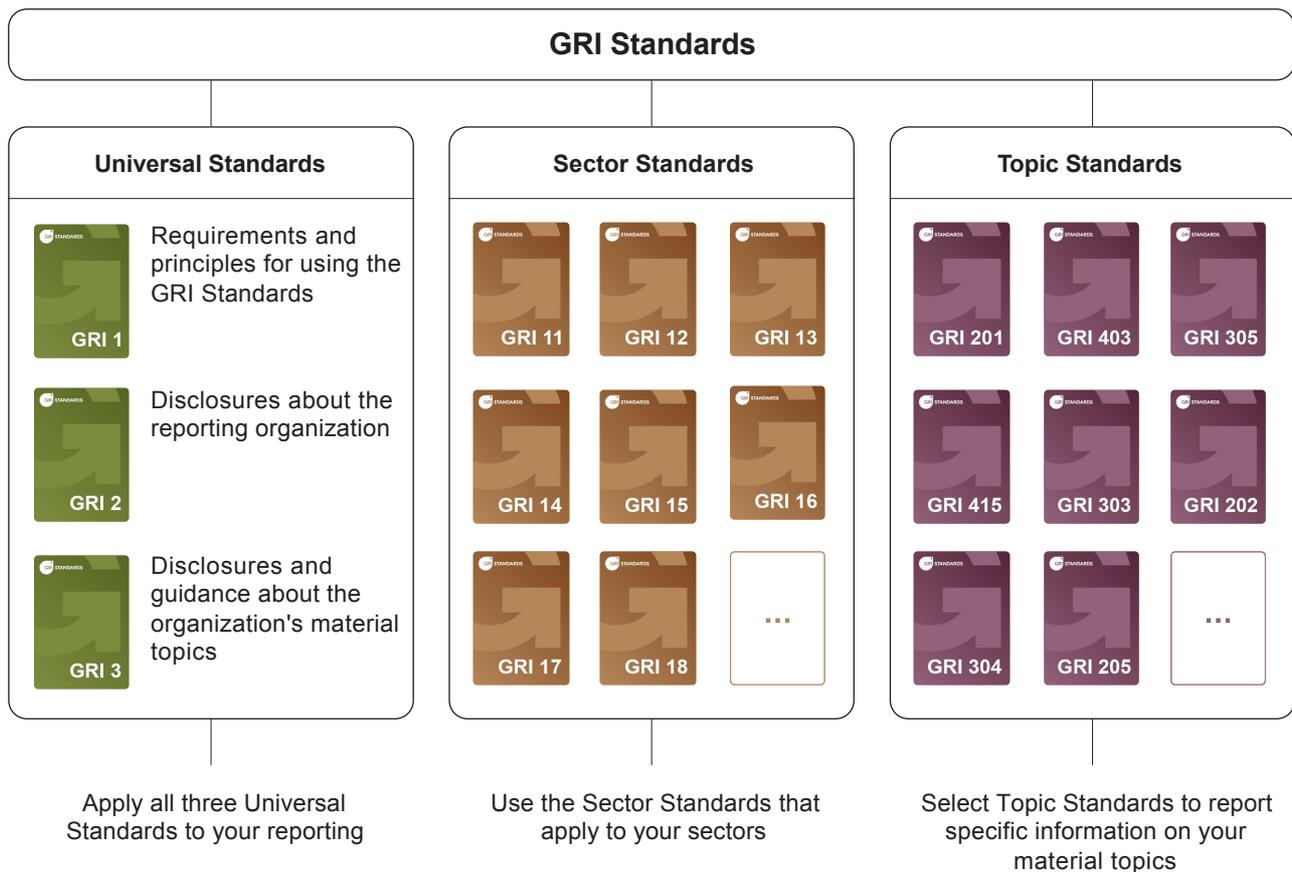
[GRI 3: Material Topics 2021](#) provides guidance on how to determine material topics. It also contains disclosures that the organization uses to report information about its process of determining material topics, its list of material topics, and how it manages each topic.

### 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 impacts related to diversity and equal opportunity at work. In addition to this Standard, disclosures that relate to this topic can be found in [GRI 404: Training and Education 2016](#) and [GRI 406: Non-discrimination 2016](#).

An organization reporting in accordance with the GRI Standards is required to report the following disclosures if it has determined diversity and equal opportunity 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 diversity and equal opportunity at work (Disclosure 405-1 through Disclosure 405-2).

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 diversity and equal opportunity 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*.

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**REQUIREMENTS**

**1.1 The reporting organization shall report how it manages diversity and equal opportunity using [Disclosure 3-3 in GRI 3: Material Topics 2021](#).**

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**GUIDANCE**

The reporting organization can also describe the legal and socioeconomic environment that provides opportunities for, and barriers to, gender equity.

This can include the share of female workers performing the organization's activities, their equal remuneration, and their participation at the highest governance level.

## 2. Topic disclosures

### Disclosure 405-1 Diversity of governance bodies and employees

<b>REQUIREMENTS</b>	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> <li>a. Percentage of individuals within the organization's <u>governance bodies</u> in each of the following diversity categories:             <ul style="list-style-type: none"> <li>i. Gender;</li> <li>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>iii. Other <u>indicators of diversity</u> where relevant (such as minority or <u>vulnerable groups</u>).</li> </ul> </li> <li>b. Percentage of <u>employees per employee category</u> in each of the following diversity categories:             <ul style="list-style-type: none"> <li>i. Gender;</li> <li>ii. Age group: under 30 years old, 30-50 years old, over 50 years old;</li> <li>iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).</li> </ul> </li> </ul>
<b>RECOMMENDATIONS</b>	<p>2.1 When compiling the information specified in Disclosure 405-1, the reporting organization should use data from <a href="#">Disclosure 2-7 in GRI 2: General Disclosures 2021</a> to identify the total number of employees.</p>
<b>GUIDANCE</b>	<p><b>Guidance for Disclosure 405-1</b></p> <p>Examples of governance bodies that exist within an organization can be the board of directors, management committee, or a similar body for a non-corporate organization.</p> <p>An organization can identify any other indicators of diversity used in its own monitoring and recording that are relevant for reporting.</p> <p><b>Background</b></p> <p>This disclosure provides a quantitative measure of diversity within an organization and can be used in conjunction with sectoral or regional benchmarks. Comparisons between broad employee diversity and management team diversity offer information on equal opportunity. Information reported in this disclosure also helps in assessing which issues can be of particular relevance to certain segments of the governance bodies or employees.</p>

## Disclosure 405-2 Ratio of basic salary and remuneration of women to men

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**REQUIREMENTS**

The reporting organization shall report the following information:

- a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.
- b. The definition used for 'significant locations of operation'.

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**RECOMMENDATIONS**

- 2.2 When compiling the information specified in Disclosure 405-2, the reporting organization should base remuneration on the average pay of each gender grouping within each employee category.

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**GUIDANCE****Guidance for Disclosure 405-2**

The reporting organization can draw from the information used for Disclosure 405-1 to identify the total number of employees in each employee category by gender.

**Background**

An organization can take an active role in reviewing its operations and decisions, in order to promote diversity, eliminate gender bias, and support equal opportunity. These principles apply equally to recruitment, opportunities for advancement, and remuneration policies. Equality of remuneration is also an important factor in retaining qualified employees.

# 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>basic salary</b> fixed, minimum amount paid to an <u>employee</u> for performing his or her duties</p> <p>Note: Basic salary excludes any additional <u>remuneration</u>, such as payments for overtime working or bonuses.</p> <p><b>business partner</b> entity with which the organization has some form of direct and formal engagement for the purpose of meeting its business objectives</p> <p>Source: Shift and Mazars LLP, <i>UN Guiding Principles Reporting Framework</i>, 2015; modified</p> <p>Examples: affiliates, business-to-business customers, clients, first-tier <u>suppliers</u>, franchisees, joint venture partners, investee companies in which the organization has a shareholding position</p> <p>Note: Business partners do not include subsidiaries and affiliates that the organization controls.</p> <p><b>business relationships</b> relationships that the organization has with <u>business partners</u>, with entities in its <u>value chain</u> including those beyond the first tier, and with any other entities directly linked to its operations, products, or services</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: 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.</p>
<b>C</b>	<p><b>child</b> person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher</p> <p>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.</p> <p>Note 2: The ILO <i>Minimum Age Convention</i>, 1973, (No. 138), refers to both child labor and young workers.</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>

Note: This information is derived from the organization's own human resources system.

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**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

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**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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**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'.

**indicator of diversity**

indicator of diversity for which the organization gathers data

Examples: age, ancestry and ethnic origin, citizenship, creed, disability, gender

**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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**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.

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**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'.

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**R** **remuneration**  
basic salary plus additional amounts paid to a worker

Note: Examples of additional amounts paid to a worker can include those based on years of service, bonuses including cash and equity such as stocks and shares, benefit payments, overtime, time owed, and any additional allowances, such as transportation, living and childcare allowances.

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**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.

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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.

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**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 100, 'Equal Remuneration Convention', 1951.
2. International Labour Organization (ILO) Convention 111, 'Discrimination (Employment and Occupation) Convention', 1958.
3. International Labour Organization (ILO), 'Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy', 2006.
4. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises*, 2011.
5. United Nations (UN) Convention, 'Convention on the Elimination of all Forms of Discrimination against Women (CEDAW)', 1979.
6. United Nations (UN) Convention, 'International Convention on the Elimination of All Forms of Racial Discrimination', 1965.
7. United Nations (UN) Declaration, 'Declaration on the Elimination of All Forms of Intolerance and of Discrimination based on Religion and Belief', 1981.
8. United Nations (UN) Declaration, 'Declaration on the Elimination of All Forms of Racial Discrimination', 1963.
9. United Nations (UN) Declaration, 'Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities', 1992.
10. United Nations Educational, Scientific and Cultural Organization (UNESCO) Declaration, 'Declaration on Race and Racial Prejudice', 1978.
11. United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and United Nations Global Compact, 'Women's Empowerment Principles', 2011.
12. United Nations (UN) Fourth World Conference on Women, 'Beijing Declaration and Platform for Action', 1995.



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