

## **CORPORATE HUMAN RIGHTS BENCHMARK METHODOLOGY: COMMENTS FROM THE RAFI TEAM, SHIFT AND MAZARS.**

We appreciate the opportunity to comment on the revised methodology for the Corporate Human Rights Benchmark. We would also like to publicly acknowledge and welcome the CHRB's engagement with Shift and Mazars, in relation to our development of the [UN Guiding Principles Reporting Framework](#) – a product of the Reporting and Assurance Frameworks Initiative (RAFI). We have welcomed our discussions about how the CHRB methodology can align with, benefit from and build upon the UNGP Reporting Framework, in order to ensure synergies between the two initiatives and reduce confusion about how they relate to each other. We return to this point at the end of our comments.

### **Cross-references to the UNGP Reporting Framework**

The RAFI team particularly welcomes the much stronger alignment in the revised methodology with the structure of the UN Guiding Principles, and the inclusion of explicit cross-references to questions under the UNGP Reporting Framework. This helps make it clear how companies' disclosure against the indicators can form part of a broader, coherent narrative about how the company respects human rights in line with the UNGPs.

We have already provided CHRB with feedback on the cross-references to indicate where a few amendments or additions would be needed in sections A through C. Most indicators in Section D also relate to questions in the Reporting Framework, to the extent they address salient human rights issues for the company concerned. We will provide further feedback on these correlations in due course. We will also incorporate the CHRB indicators in the [cross-reference tool to the UNGP Reporting Framework](#). This tool shows the relationship of indicators from a variety of relevant initiatives to questions under the Framework, in order to help companies take a coherent approach to their human rights reporting.

### **Structure of the CHRB methodology**

As noted, we welcome the stronger alignment of the CHRB methodology's structure with the UNGPs. We continue to have concerns about one remaining aspect of the structure: namely the distinctions made with regard to management systems. The current structure implies that monitoring and corrective action plans, engaging business relationships and stakeholder engagement are all separate from human rights due diligence. It is important that these activities be understood as inherent to human rights due diligence, as is clear from the text of the UNGPs themselves. The fact that some of these processes or systems predated the UN Guiding Principles does not change that. The UNGPs drew from and built upon a whole range of existing understandings of business responsibilities. They are still an essential part of due diligence and we see risks in implying that they are not.

## **Disclosure points**

With regard to the disclosure points, we appreciate what the Benchmark is trying to achieve here and it is certainly not straightforward. We would offer the following reflections.

First, we believe it is important to be explicit throughout Sections A to D that the 'Score 1' and 'Score 2' indicators are to be assessed based on information disclosed by the company. In many indicators the language implies that the scoring will be based on some additional insight into or verification of reported information. For example indicator B.2.3 states simply that: "The Company integrates the findings of its human rights assessments into relevant internal functions and processes to identify appropriate actions to prevent, mitigate and/or remediate its salient human rights issues."

Second, we are concerned that the current approach to disclosure points simply adds another tier of substantive indicators, all of which are based on companies' disclosure, rather than distinguishing something particular about the quality of a company's disclosure in terms of how meaningful and insightful it is. In essence it would appear that companies can:

- **Get one point:**
  - a. For addressing a GRI/SASB indicator or providing other information relevant to a UNGPRF question  
OR
  - b. For addressing the CHRB Score 1 indicator
  
- **Get two points:**
  - a. For addressing a GRI/SASB indicator or providing other information relevant to a UNGPRF question  
AND
  - b. addressing the CHRB Score 1 indicator
  
  - c. OR for addressing the CHRB Score 2 indicator
  
- **Get three points for:**
  - a. addressing a GRI/SASB indicator or providing other information relevant to a UNGPRF question  
AND
  - b. addressing the CHRB Score 2 indicator

Rather than getting at something distinct and additional about disclosure, this seems just to expand the list of substantive indicators. Moreover, some of the additional disclosure indicators do not, in their own terms, require that the company's response address human rights.

We would strongly recommend making the additional disclosure points of distinct and added value, by looking at factors such as:

- The extent to which the company discloses specific examples of how its policies and processes have played out in practice
- The extent to which the company discloses particular challenges in meeting its responsibility to respect human rights and how it is addressing them
- The extent to which the company provides information about its forward-looking plans to further advance implementation of its responsibility to respect human rights.

These types of disclosure indicators could be added to a number of the substantive indicators in the current methodology.

### **Cross-references to the UNGPs**

In the limited period of this consultation, we have concentrated on providing feedback on the cross-references to the Reporting Framework. However, in doing so it came to our attention that some of the cross-references to the UNGPs themselves need review. To provide a few examples:

A.2.2 refers to UNGP 19, which is about integrating findings about potential impacts on human rights into the company's decision-making and actions. This is separate from processes to embed respect for human rights from the top of the company into its culture. This distinction is highlighted in the OHCHR Interpretive Guide. The relevant Guiding Principle here is therefore UNGP16.

A.2.3 refers to UNGP 1, which is not relevant. Rather it is UNGP 16 which provides the context for this indicator.

B.1.4.a and B.1.4.b both reference UNGP12, while B.1.4.a also references UNGP16(d). It is UNGP16(d) that is relevant to both, not UNGP12.

We would be happy to discuss these and other cross-reference issues further with the team if that is helpful.

There is also a risk of some confusion about the UNGPs in the language of some indicators. For example, A.1.5 states that "The Company's publicly available statement of policy committing it to respect human rights across its activities applies to its business relationships". This language excludes situations where a company has not contributed to an impact through an activity of its own, but the impact is nevertheless directly linked to its operations, products or services through a business relationship. The conflation of activities and relationships in this indicator is therefore contrary to the UNGPs, and the phrase 'across its activities' should be deleted. We would urge that sources of potential confusion such as this be addressed before the methodology is finalized.

### **Assessing whether the Benchmark drives better performance**

The CHRB team has been right to point out that it has to start somewhere and that its methodology can and will be improved with time.

This being so, we would like to highlight the importance of having good processes and metrics for understanding how far the CHRB achieves its objectives once it is launched. We believe it will indeed drive companies' attention to their human rights performance, which is an essential goal and one the RAFI team shares and supports. Assessment metrics should be able to identify over time the extent to which the Benchmark is driving attention and improvements in the right areas and whether there are any particular points where it does not have that effect. For example, we have some concerns that by replicating the traditional bias towards audit and corrective action plans in a number of indicators, there is a risk of pushing companies towards more of an audit focus at a time when there is wide recognition that typical factory/farm audits have significant limits and other approaches are needed to drive improvements for workers' human rights. We encourage attention to these potential risks as experience with the methodology grows.

### **Supporting synergies with the UNGP Reporting Framework and UNGP Reporting Database**

Finally, as part of our engagement with the CHRB team, we have valued the discussions about how the Benchmark can benefit from and in turn drive attention towards the UNGP Reporting Framework. The Reporting Framework provides the first comprehensive framework for companies to report on how they respect human rights in line with the UN Guiding Principles. It enables them to do so through a single, coherent narrative that can address relevant human rights provisions from other frameworks. When discussing human rights reporting in its last report to the UN General Assembly, the UN Working Group on Business and Human Rights stated that: "The UN Guiding Principles Reporting Framework offers an opportunity for convergence around a tool that is based directly on the GPs."

We have discussed with the CHRB team over recent months our current phase of work to support improvements in human rights reporting and performance through the UNGP Reporting Database, which will launch in mid March. The UNGP Reporting Database will help companies, governments, investors, civil society organizations and other stakeholders see the extent to which a company is reporting information they need to know about its implementation of the UN Guiding Principles on Business and Human Rights. To do so, it reviews corporate disclosure against the questions in the UN Guiding Principles Reporting Framework, and makes it easy for users to see what relevant information the company currently makes available.

The UNGP Reporting Database is distinct from the CHRB in that it will not judge how well a company is implementing the UN Guiding Principles, nor will it rate or rank corporate performance or disclosure. Rather, it will enable companies and their

stakeholders to draw their own conclusions. It will help them see how meaningfully a company is reporting on its progress towards implementation of the UNGPs. They will be able to assess strengths and weaknesses, and find examples of leading practice. We hope it will also play a role in motivating companies to include more and better information about their human rights performance directly on their company websites and increasingly as an integrated part of their formal reporting, signed off by senior management. This is an important signal of the extent to which respect for human rights reflects part of the company's core approach to how it does business.

When it launches in March, the UNGP Reporting Database will initially contain an overview of thirty companies' reporting, which all companies involved have had a chance to review and discuss. It will be expanded to additional companies over the remainder of the year, many, if not all, of which we understand will be included in the Benchmark.

This single repository of accessible and navigable information on human rights reporting should provide a high quality and valuable resource to those conducting the analysis for the Benchmark. We hope the CHRB team will actively encourage companies covered by the Benchmark not only to use the UNGP Reporting Framework, but also to include any additional disclosure within their company website so that it can be easily found by anyone with an interest in the company. It will then also be reflected within the Reporting Database.

These are important ways in which our two initiatives can pursue their distinct activities while meeting our shared goal of supporting and motivating further improvements in companies' human rights reporting and performance.

We look forward to continuing our discussions as the CHRB team advances its work, and reiterate our appreciation of this opportunity to comment on the latest methodology.