

Human Rights Reporting and Assurance Frameworks Initiative (RAFI)

Third Round of Expert Multistakeholder Consultations
New York, November 13, 2014

CONSULTATION REPORT

1. Objective of the Consultation

On November 13, 2014, the Human Rights Reporting and Assurance Frameworks Initiative (RAFI) project team hosted a one day expert multistakeholder consultation in New York. **After 18 months of research and consultation, this meeting provided the first opportunity for expert stakeholders to discuss the full draft of the UN Guiding Principles Reporting Framework (Reporting Framework).**¹

The primary focus of this consultation was to gather views and feedback on the Reporting Framework and its companion Implementation Guide to further the Reporting Framework's development before its launch in early 2015.

2. Organization of this Report

Annex A provides an overview of the key features of the UN Guiding Principles Reporting Framework and Implementation Guide, and how these have been informed by the process of research and consultation over the prior 18 months. This information was presented at the start of the consultation.

Annex B provides the agenda for the consultation.

Annex C provides the list of participants. The consultation involved a cross section of individuals from companies, nongovernmental organizations (NGOs), audit and assurance providers, investors, academia and other experts. All participants took part in their personal capacities and not on behalf of their organizations. The consultation was held under the Chatham House Rule in order to stimulate open and frank conversation.

¹ See draft UN Guiding Principles Reporting Framework, available at http://business-humanrights.org/sites/default/files/documents/DRAFT_UNGPReportingFramework_11Nov2014.pdf and draft UN Guiding Principles Reporting Framework Implementation Guide, available at http://business-humanrights.org/sites/default/files/documents/DRAFT_UNGPReportingImplementationGuide_11Nov2014.pdf.

A similar in depth expert consultation took place in Jakarta on November 7, 2014 and London on November 19, 2014.² All the reports of RAFI consultations that have taken place to date are available on the RAFI web portal.³

This report is designed to record issues raised during the consultation. In early 2015 the RAFI team will publish a Key Takeaways document to summarize the main points that emerged across the various consultations and which will inform the project team's next steps.

The Human Rights Reporting and Assurance Frameworks Initiative (RAFI) is a multistakeholder consultative process facilitated by Shift and Mazars to develop two guidance frameworks for launch in early 2015:

- *UN Guiding Principles Reporting Framework: a guide for companies about what good reporting on their human rights performance looks like;*
- *UN Guiding Principles Assurance Framework: a guide for assurance professionals who assure these reports about how best to do that assurance.*

Further information on RAFI is available on the [initiative's web portal](#).⁴

3. Session 1: Overarching Impressions

a. Overview of approach to drafting the Reporting Framework

The RAFI project team provided an **overview of the key features of the UN Guiding Principles Reporting Framework and Implementation Guide** and how these had been informed by the process of research and consultation over the prior 18 months. These are summarized in Annex A. The project team highlighted the objective of putting the Reporting Framework onto an on-line platform to make it readily accessible and user-friendly.

b. Quality of the RAFI process

Participants expressed strong support for the RAFI **consultative process**. They noted that much has been achieved since the beginning of the initiative in 2013, and that the credible consultation process has led to the creation of a comprehensive and robust framework.

c. Support for content in the Reporting Framework

Participants confirmed the need for improved human rights reporting and the Reporting Framework's ability to achieve this given its **clarity and accessibility**. Participants expressed support for the use of questions in the framework given the complexity of reporting on human rights in a manner that goes beyond compliance. Participants welcomed the distinction that the framework is not intended to be a human rights due diligence manual. They agreed that a future web-based platform for the Reporting Framework will be an important way to present the Reporting Framework without readers feeling overwhelmed.

² The first round of expert multistakeholder consultations were held in London on October 17, 2013, in New York on October 23, 2013, and in Jakarta on November 20, 2013. The second round of expert consultations were held in London on April 24, 2014 and in New York on May 26, 2014.

³ RAFI web portal, available at <http://www.business-humanrights.org/Documents/RAFI#127250>.

⁴ Business and Human Rights Reporting and Assurance Frameworks Initiative (RAFI), <http://business-humanrights.org/en/business-and-human-rights-reporting-and-assurance-frameworks-initiative-rafi>

d. Unique value of focus on risk to people

Many participants underlined that the Reporting Framework's **focus on risk to people** is what differentiates it from other reporting frameworks, and that this provides tangible guidance on disclosure that is relevant to the UN Guiding Principles on Business and Human Rights (Guiding Principles). They also noted that the deliberate focus on disclosure of processes and activities to respect human rights is a helpful distinction for companies that often report on largely philanthropic activities.

e. Usefulness in internal company dialogues

Corporate participants noted that the Reporting Framework would not only help them improve disclosure, but would also help **improve internal conversations to embed human rights into management processes**. Some commented that the questions in the Reporting Framework may cause some tension, especially when or if a company does not have an immediate answer, but that this discomfort often enables innovation and progress.

f. Support for pilot uses of the Reporting Framework

Participants were enthused to learn of Unilever's commitment to use the Reporting Framework, and eager to discuss how other companies might also **participate in pilots**. They cautioned the RAFI project team to consider how to manage expectations with various stakeholder groups regarding the results of early reporting efforts, how to encourage disclosure of internal company discussions and ways to leverage pilots as a catalyst for improvements in companies' internal management process. Some participants suggested that report readers (e.g., investors, NGOs) could help review pilot reports in order to to share learning across stakeholder groups, reporting companies and with the RAFI project team.

g. Mapping demonstrates complementary nature of Reporting Framework

Participants welcomed the mapping exercise in the draft Implementation Guide, which shows select examples of how questions in the framework map against other standards: initially the Global Reporting Initiative and Voluntary Principles on Security and Human Rights. Participants encouraged the RAFI project team to **further develop this mapping exercise** against other reporting standards, as a means to demonstrate that companies will not be starting from scratch.

4. Session 2: Detailed discussion of draft Reporting Framework

a. Overview of key elements of the Reporting Framework

The RAFI project team **explained some key concepts in the draft Reporting Framework**. In particular, the framework calls for companies to focus their reporting on their **salient human rights risks**: those human rights that stand out as most at risk based on what the company does, where it works and who it works with. This is a different entry point from materiality. The exercise of defining material information is relative to a particular audience, whether investors alone or a wider group of stakeholders. Its focus is on risk to the business.

The identification of salient human rights risks flows naturally from human rights due diligence, with the focus on risk to people. These risks are salient relative to the broader array of human rights, not relative to any one audience. At the same time, salient risks to human rights tend to converge with risk to the business; risks to human rights are among the most acute social and environmental risks, and salient human rights risks are the most acute risks to human rights. The

severity of impacts involved therefore increasingly represents risk to the business in at least the medium to long term.⁵

b. Relationship between salience and materiality

Participants welcomed the use of salience as a filter point in the Reporting Framework, and requested that the **definition of salience and its relationship to materiality be further explained**. It was suggested that a graphic may be particularly useful, especially for companies' internal conversations with executives. Participants requested that this explanation be moved from the Implementation Guide to the front of the Reporting Framework. They also discussed the advantages and disadvantages of using the word "salience". Different constituencies, including non native English speakers, may have different understandings and expectations of the word salience. The term also may not translate well to languages other than English.

c. Determination of salience

Participants felt the Reporting Framework could have **more explanatory guidance for companies to show how they arrived at the salient risks to report on**, including how they evaluate risks that are related to particular operating contexts, business activities and business partners. Some stakeholders expressed concern about companies identifying fewer risks in Part B of the Reporting Framework as a means to justify less disclosure.

d. Use of examples

Participants suggested the Implementation Guide should include **examples** to show companies how to respond meaningfully to questions in the Reporting Framework. Specific examples could help companies understand what kind of information is being called for, while also drawing their attention to good practices that other companies are already implementing. This could help spur internal conversations around improving systems and disclosure.

e. Highlight issues deeper in the supply chain

Participants encouraged companies to use specific examples in their own disclosure. Using examples may help companies **highlight issues deeper in the supply chain** (e.g., human trafficking), which may not be automatically included in general responses to the questions. This may prompt companies to seek improved information about issues on which there is currently little knowledge at the corporate level, or on systemic issues that require engagement with multiple stakeholders.

f. Human rights should be specified

Participants suggested that the Reporting Framework include **additional guidance for companies on the range of human rights**, as well as how human rights relate to business. This might be solved by referencing international standards such as the UN Declaration on Human Rights, the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), ILO Core Conventions etc. These references could confirm and build understanding about human rights, which in turn could facilitate uptake amongst companies that have less understanding of the Guiding Principles.

⁵ For further information on the proposed approach for identifying the salient human rights risks to report on, see Draft UN Guiding Principles Reporting Framework Implementation Guide at Part B, p. 25 - 29, available at http://business-humanrights.org/sites/default/files/documents/DRAFT_UNGPReportingImplementationGuide_11Nov2014.pdf. A paper that further explains the concept of salience and how it relates to materiality will be published shortly on the RAFI portal.

g. Application to small and medium enterprises

Participants discussed if the Reporting Framework should acknowledge that it **may be more burdensome for small and medium enterprises (SMEs)** to disclose the type of information called for in the Reporting Framework. Participants also related this discussion to challenges that companies with less understanding of the Guiding Principles may face.

5. Session 3: Detailed discussion of Implementation Guide

a. Reporting can catalyze improved management systems

Participants welcomed the details provided in the Implementation Guide and underscored the opportunity for reporting to catalyze improvements internally, resulting in fewer negative human rights impacts externally. Participants felt the Reporting Framework provides a new model for using disclosure as a tool for improving human rights management systems and engagement with business partners, governments and key human rights stakeholders.

b. Managing expectations of different report users

Participants felt that the readers of company reporting would delve into the Reporting Framework in different ways based on their particular interest or perspective. Some might anticipate that companies using the Reporting Framework will immediately produce full and detailed disclosure on human rights, which could be an unrealistic expectation. Participants suggested creating a supplemental document that would give report readers guidance on how to evaluate the extent to which a company has meaningfully disclosed information and improved compared to its prior disclosure. This guide could help create the right market for credible disclosure and also manage expectations about companies' first time reporting efforts.

c. Increased focus on affected stakeholders

Participants suggested more emphasis be given in the questions focused on stakeholder engagement (C2) to the need for companies to include **affected stakeholders**, not just broader civil society stakeholders, in their stakeholder engagement efforts. This would reflect the Guiding Principles and help counter company practices that solely engage corporate level stakeholders in their reporting efforts.

d. Improved explanation about provision of remedy

Participants suggested that the Implementation Guide **better explain the expectations in the Guiding Principles to provide remedy** based on whether a company has caused, contributed or been linked to a negative human rights impact. This should help companies to understand baseline expectations and then disclose relevant actions taken. They also suggested that companies be encouraged to report on the outcomes of providing effective remedy. Finally, participants noted that company reporting on when "things don't go well" will be a challenge, but that this will be invaluable for companies to demonstrate they are on a continuous journey or improvement.

e. Other suggested revisions

Participants discussed a range of thoughts for revising aspects of the draft Reporting Framework and Implementation Guide, including specific suggestions regarding the questions and guidance in Part A (governance of respect for human rights), section C5 (tracking) and section C6 (remedy). The RAFI project team will include this feedback in the revision process that is now underway, leading up to the release of the revised Reporting Framework in February 2015.

6. Session 4: Further progress on the draft assurance framework

a. Overview of key perspectives on human rights assurance

The RAFI project team provided an **overview of key perspectives heard to date regarding human rights assurance**.⁶ They proposed a number of key approaches to addressing these pitfalls:

- Companies should meet a minimum threshold of reporting on human rights before assurance of that information can be credible and add value;
- Limited assurance is a starting point, but there should be movement towards some form of reasonable assurance where possible;
- Assurance opinions need to provide more complete information about the assurance process and findings than is currently provided in most sustainability assurance;
- Assurance providers need to demonstrate that they have the requisite knowledge, skills and capacity to conduct human rights assurance, as well as the necessary assurance process skills and technical expertise in the relevant industry;
- Oversight and accountability for assurance in this field will enhance its value and credibility, thereby helping to address actual and perceived conflicts of interest.

b. Language and length of assurance statements present challenges

There was discussion of the different understandings among stakeholders of assurance processes, terminology and interpretations. This can create **confusion among different audiences** regarding the intended use of assurance. Given the complexity of human rights and their often qualitative nature, longer assurance opinions (rather than one line statements) may be necessary in order to provide more complete information on human rights assurance processes and findings.

c. Differing views about the value of assurance

Discussion confirmed that **companies may place different value on assurance compared to external stakeholders**. Internally, company participants stated that a human rights assurance framework could be valuable to help improve corporate processes related to human rights. It can be used by the internal audit function to help that function think about what to look for as it verifies the effectiveness of corporate processes. Externally, stakeholders look to an assurance statement to verify the integrity of company processes and the validity of information reported. This may include an opinion about whether or not a company has appropriately identified the salient risks to report on. Participants also discussed the practicality of the cost of external assurance compared to internal reviews.

d. Competence of assurers

Participants discussed the limited expertise, skills, knowledge and capacity amongst current third party assurance providers regarding human rights. This was compounded by the relative lack of clarity on what constitutes human rights assurance as compared to assurance of financial information. Some participants suggested human rights assurance providers should **draw on the Reporting Framework when setting criteria and expectations for the assurance process**: key

⁶ The RAFI project team is now working on a paper that sets out a vision for human rights assurance, which it intends to publish on the RAFI web portal in early 2015. The paper is based on inputs from a broad range of stakeholders consulted over the last year.

components of the Reporting Framework should shape both their review of management systems and data and their external opinion.

7. Next Steps

The RAFI project team thanked participants for their time and inputs and welcomed additional comments through the end of 2014. **The feedback received from the three rounds of expert consultations in November 2014, as well as learning from the other workshops and the pilot process with Unilever, will feed into revisions to be made to the Reporting Framework in December 2014 and January 2015. The official launch of the pilot version of the Reporting Framework will take place in February 2015, with additional pilots continuing during the year.** The RAFI project team will continue to work on the Assurance Framework in 2015, with the aim of releasing it at the end of 2015.

Annex A: Overview of the Human Rights Reporting and Assurance Frameworks Initiative (RAFI) – November 2014

More and more companies are starting to report on human rights issues related to their operations. Moreover, the number of market drivers to do so is fast increasing in all regions of the world. These include:

- Regulatory requirements for corporate reporting on human rights;
- Stock exchange guidance or requirements for such reporting;
- Demands from shareholders and providers of both public and private finance;
- Pressure from civil society.

Yet the current state of reporting is at best patchy. Much reporting is based around anecdotes and a changing array of projects and provides little clarity on how these connect to companies' core business.

At the same time, some companies are trying to increase their reporting on issues such their human rights policies, labor rights in supply chains, community impacts or their efforts to engage stakeholders and address grievances. However, there is little clarity regarding what it is most meaningful to report publicly.

The UN Guiding Principles on Business and Human Rights (UNGPs) were unanimously adopted by the UN Human Rights Council in June 2011. They set the authoritative global standard and for the first time brought clarity to what is expected of business with regard to human rights.

Yet that clarity is at risk of being undermined or lost if corporate reporting remains so varied in content and quality, conveying very different pictures of how companies understand their responsibilities with regard to human rights.

The Human Rights Reporting and Assurance Frameworks Initiative (RAFI) is designed to address this gap. RAFI is developing two guidance frameworks for launch in early 2015:

- **Reporting Framework: a guide for companies about what good reporting on their human rights performance looks like;**
- **Assurance Framework: a guide for assurance professionals who assure these reports about how best to do that assurance.**

The draft UN Guiding Principles Reporting Framework is available [online](#) for all stakeholders to review and comment on, leading to further refinements in 2015. The draft Framework consists of two documents: the draft Framework itself, and a draft Implementation Guide.

RAFI is facilitated by Shift, a non profit center for business and human rights practice, led by a team that was centrally involved in shaping and drafting the UNGPs, and chaired by Professor John Ruggie, together with Mazars, a global audit, accountancy and advisory firm with experience in financial and non financial assurance. The project team works in close liaison with the Human Rights Resource Centre for the Association of Southeast Asian Nations (ASEAN) in relation to its consultations in Southeast Asia.

The three-year initiative includes repeated, expert, multistakeholder consultations in Jakarta, London and New York, with additional one-off consultations in Addis Ababa, Bangkok, Manila, Medellin, New Delhi and Yangon.

RAFI is formally supported by the UN Working Group on Business and Human Rights. It is overseen by an Eminent Persons Group co-chaired by the author of the UNGPs, Professor John Ruggie, and by Marzuki Darusman, Director of the Human Rights Resource Centre for ASEAN. It has a Memorandum of Understanding with the Global Reporting Initiative (GRI) to ensure that the UN Guiding Principles Reporting Framework developed through RAFI dovetails with GRI G4.

A first pilot of the framework has begun with Unilever, and other pilots are planned for 2015. Learning from these processes will also inform the final version of the UN Guiding Principles Reporting Framework, with a view to completing it by the end of 2015.

To date, feedback from stakeholders on the draft UN Guiding Principles Reporting Framework has been extremely positive. We are seeing interest from many companies in using the Reporting Framework to improve their reporting on human rights, while other companies are using it first as an internal tool to assess gaps in company processes and prepare to report in the future. More widely, we are finding interest from investors seeking better information from companies, from regulators and stock exchanges seeking credible guidance to which they can refer companies and from civil society organizations that see that the Reporting Framework offers a new and more meaningful paradigm in corporate reporting on human rights.

Annex B: Agenda for New York Multistakeholder Expert Consultation

9:00 – 9:30 am	Welcome from Shift & Mazars Introductions Agenda and objectives Review of project process to date
9:30 – 10:45 am	Overarching impressions The RAFI project team will provide an overview of the approach adopted in drafting the UN Guiding Principles Reporting Framework, based on prior consultations, and some of the key concepts used. This session will then provide an opportunity for initial, high-level feedback.
10:45 – 11:00 am	<i>Coffee break</i>
11:00 – 12:30 pm	Detailed discussion of draft Reporting Framework The RAFI project team will introduce key elements of the Reporting Framework, including the use of concepts such as salience and severity, and the use of overarching and supporting questions. This will be followed by an in depth discussion amongst participants, with a focus on ideas for improvements to the draft.
12:30 – 1:15 pm	<i>Lunch break</i>
1:15 – 2:45 pm	Detailed discussion of Implementation Guide The RAFI project team will provide an overview of the structure and content of the Implementation Guide. This will be followed by an in depth discussion amongst participants, with a focus on ideas for improvements to the draft.
2:45 – 3:00 pm	<i>Coffee break</i>
3:00 – 4:00 pm	Further progress on the draft Assurance Framework The RAFI project team will provide an update on thinking about the overall approach to the Assurance Framework and seek feedback on this as a basis for the development of an initial outline of the Framework.
4:00 – 4:45 pm	Other critical issues This session will provide an opportunity to return to key issues from the day's discussion that merit further debate, or to address new questions that have arisen.
4:45 – 5:00 pm	Conclusions and next steps

Annex C: Participant List

Organizational affiliations are listed for participant identification purposes only. Participants attended in their personal capacities and were not asked in any way to represent the views of the organizations for which they work.

Expert Participants

1. Alex Hausman, The Walt Disney Company
2. Ana Blanco, UN Global Compact
3. Andrew Slight, PepsiCo
4. Ariel Meyerstein, US Council on International Business
5. Bob Boneberg, Free the Slaves
6. Brendan LeBlanc, Ernst & Young
7. David Deisley, NovaGold Resources Inc.
8. Farha-Joyce Haboucha, Rockefeller & Co.
9. Gaia Larsen, World Resources Institute
10. Jason Pielemeier, US Department of State
11. Lauren Berry, Kosmos Energy
12. Lauren Compere, Boston Common Asset Management (representative from ICGN)
13. Meg Roggensack, Independent
14. Monica Gorman, New Balance
15. Morgan Tarrant, Bloomberg
16. Motoko Aizawa, Institute for Human Rights and Business
17. Rob McGarrah, AFL-CIO
18. Sarah Altschuller, Foley Hoag
19. Sarah Zoen, Oxfam America
20. Val Smith, Citi

RAFI Project Team

21. Caroline Rees, Shift
22. Beth Holzman, Shift
23. Rachel Davis, Shift
24. Howard Dorman, Mazars
25. Pierre Francois, Mazars