

Business & Human Rights Reporting & Assurance Frameworks Initiative (RAFI)

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RAFI Overview

A twin set of frameworks:

- developed through a **broad, consultative process**
- **facilitated** by project partners Shift, Mazars and the Human Rights Resource Centre for ASEAN
- that are both **meaningful and viable**
- that can provide a **guide**:
 - a) for companies* on what good reporting on human rights performance looks like
 - b) for assurance providers* on what good assurance of human rights reports looks like (with similar benefits to internal auditors)
- to be **owned by appropriate, independent bodies** who can further develop them over time

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Rationale

- **Growth in corporate reporting on human rights:**
 - company choice
 - regulatory requirements
 - stock exchange demands
 - investor expectations
- **Early uptake on external assurance**
- **Internal audit taking up human rights**

However...

- ✧ *No clarity on how to do this well*
- ✧ *Risk proliferation and dilution of approaches*
- ✧ *Lose the benefits of clarity and predictability brought by UNGPs*

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RAFI Approach

- **Consultations with all constituencies**
 - in multi-stakeholder and expert groupings
 - across different regions
- **Liaising with existing initiatives**
 - Eminent Persons Group including key organizations
 - support by the UN Working Group on Business and Human Rights
 - Memorandum of Understanding with GRI
- **Identify areas of convergence & key differences**
 - capture and articulate
 - discuss underlying issues
 - seek acceptable approaches
- **Research into current practice and lessons from related fields**
 - evidence of disclosure vis-à-vis UNGPs
 - considerations for developing an assurance framework
 - interview-based research into practitioner experience
- **Gradual progress towards agreed frameworks**

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Key Findings from Consultations

Development of frameworks:

- Importance of multi-stakeholder consultative process
- Importance of dove-tailing with existing reporting initiatives
- Staggered process, with development of reporting framework ahead of assurance framework

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Key Findings from Consultations

Content of reporting framework:

- Aim to elicit valuable, foundational information about a company's performance
- Importance of **narrative reporting** with carefully-targeted questions to elicit meaningful information → '**smart questions**'
 - relatively simple and concise
 - to be accessible by SMEs as well as MNEs
 - targeted to advance good practice; avoid cherry-picking success stories
- **Indicators** have a role to illustrate narrative information

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Key Findings from Consultations

Substance of reporting framework:

- Importance of closely following *UN Guiding Principles*
- *Stakeholder engagement* is a crucial component
- Importance of questions that address human rights in relation to the *company's governance*
- Decision to use concept of '*salient human rights risks*' rather than 'materiality' as filter point that defines focal issues for reporting
- Seek reporting on *quality of process* - but support this with evidence from *practice*
- Cover *challenges* as well as *successes*

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Three Sections of RAFL Human Rights Reporting Framework

Section A – Governance of Human Rights Risks

Human Rights Policy
Commitment

Embedding Respect
for Human Rights

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Section B – Identification of Salient Risks for Remainder of Reporting

B1) State **salient human rights risks** associated with company's business activities & relationships

B2) Describe **how these risks were determined**, including input from stakeholders

B3) If reporting on focuses on **particular geographies**: explain how that choice was made

B4) Identify and explain any **severe human rights impacts** unrelated to salient human rights risks

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Section C – Management of Salient Risks

C1) Specific policies

C2) Stakeholder engagement

C3) Assessing

C4) Decision-making and action

C5) Tracking performance

C6) Providing remedy

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Question for Consultation #1: Capturing the 'journey' aspect of disclosure

- Need for short and simple questions to encourage companies to start reporting
- At the same time, concern that companies might:
 - cherry-pick which questions they answer to
 - never move beyond most basic level of reporting

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Question for Consultation #1: Capturing the 'journey' aspect of disclosure

Question #1: How can the framework encourage companies to start reporting, while encouraging them to increase disclosure over time?

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Question for Consultation #2: Balance between disclosure of processes and impacts

- Importance of human rights risk *management processes* to enable companies to identify, prevent, mitigate adverse impacts on human rights
- Reporting on *actual impacts* that have occurred and why, with how they have been handled and remedied, provides important info to illustrate robustness of company processes
- At the same time, genuine constraints exist (e.g., legal liability) on extent to which disclosure of some actual impacts will be possible

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Question for Consultation #2: Balance between disclosure of processes and impacts

Question #2: How can the framework encourage companies to disclose actual impacts and their management, while recognizing genuine constraints on such disclosure?

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Example from C3) Assessing

In the reporting period, are there any impacts that have stood out and, if so, what were they?

In the reporting period, are there any trends or patterns in impacts that have stood out and, if so, what were they?

Examples from C6) Remedy

In the reporting period, what are the key examples, trends and/or patterns in concerns and complaints being raised, their outcomes, and the lessons learned?

In the reporting period, what examples of remedy can the company provide?

In the reporting period, what are the trends and patterns in concerns and complaints being raised, their outcomes, and the lessons learned?

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Discussion

Question #1: How can the framework encourage companies to start reporting, while encouraging them to increase disclosure over time?

Question #2: How can the framework encourage companies to disclose actual impacts and their management, while recognizing genuine constraints on such disclosure?

Question #3: Other reflections on the key findings to date?

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Thank you

RAFI project portal on BHRRC website:

<http://www.business-humanrights.org/Documents/RAFI>

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