

Report on Corporate Human Rights Benchmark Multi-Stakeholder Consultation in Amsterdam

Date: Monday 29th June 2015

Time: 14.00 – 17.00

Place: APG, Gustav Mahlerplein 3, 1082 MS Amsterdam

1. Opening

Anna Pot (APG), the host of the day, opened the meeting with a warm welcome to all the participants. Giuseppe Van der Helm, Executive Director of VBDO and member of the Corporate Human Rights Benchmark (CHRB) Steering Committee chaired the meeting. He began by providing an overview of the work undertaken to date including initial meetings and discussions held in 2013 and 2014, to discuss the demand for the benchmark and its feasibility, and the Benchmark's subsequent launch in December 2014. The audience included a mixture of business, investors and civil society representatives, some who were new to the process and others who had attended previous meetings. Participants were informed that this meeting was the part of a series of consultation meetings on the CHRB to be held in major global cities during June to September. Finally, the objective of the meeting was re-iterated: to obtain participants' first impressions on the overarching CHRB framework and gain feedback on whether the Benchmark is fit for purpose for all stakeholder constituents.

2. Presentation on CHRB Overarching Framework

Vicky Dodman, Programme Manager of the CHRB presented CHRB's overarching framework. This presentation mirrored the CHRB Framework Paper Multi-stakeholder Consultations that was distributed to participants in advance of the meeting, and focused on the rationale and aims for the Benchmark as well as highlighting its design principles, scope and measurement themes. Subsequently, Annemieke Reijngoud, Project Manager of VBDO, and member of the CHRB Steering Committee elaborated on the specific measurement themes and sub-headings and gave the audience an indication of the possible indicators for each measurement theme. Examples of the sector-specific additional criteria were also highlighted to demonstrate the balance in ensuring a comprehensive benchmark with sector specificity.

3. Participant Reflections and Questions

Following the presentations, participants were asked to individually write down on post-its their initial reflections and questions on the Benchmark. These are summarised below.

Questions

Indicators

- How to determine indicators to mitigate particular risks? ILO Conventions and HR Conventions written for states. Use of DIHR HRCA assessment tool?
- How is the supply chain included if human rights linked to company are out of scope? At procedural level?

- Can we provide additional specific indicators per sector?
- Did you align your survey KPIs with the GRI human rights related questions?
- Do we measure companies on their (adverse) human rights impact? Or on the conditions for human rights impact?
- Note on governance indicators. Commitment to respecting human rights regarding local communities. Often soft law, not even all states have committed to these. Do you want to include these? And if so, what will be the weight of these and other soft law indicators?
- How do you take into account different business models of companies (even within the same sector)?
- How do you select the right KPIs when human rights issues differ per sector and per country? E.g., freedom of association differs a lot per country, but can be a general problem for a sector.
- How are the KPIs selected and applied to sector specificities?
- How do you intend to measure the adverse events? When is a response by a company ok?

Weighting

- 20% for adverse events too high. Not all companies have adverse events or known ones.
- Performance = 40%. Why not more?
- Due diligence 15% too low. This is key for performance.

Model of change

- Will the Benchmark be passive or will there also be an advocacy/lobby to put pressure on the companies to encourage change?
- What is the exact goal of the benchmark (incentivise/ defining the topic/ etc.)? And how do you translate that into shaping the benchmark and including and engaging companies?

Verification & frequency

- How to check whether the info provided in the portal is correct? No assurance?
- How would you keep the momentum with the companies in order to not lose credibility and importance?

Scope

- For companies it would be good to be compared with (local) competitors. How to include this group?
- How to deal with not applicable or topics that are less relevant, e.g., if you only operate in EU and US?
- “We will not rank banks because of what companies do regarding child labour...” Why not? (supply chain responsibility ...?!)
- How can we get family owned companies to respond as well?
- Now risks only depend on sector, not on countries. Are countries not more relevant?

Benchmark process

- Will the companies receive a pre-filled survey for review or is it a self-assessment?
- Will there be a balance between the sources of publicly available information? (news, allegation, company reports)
- How to report results? Only top 10% (like DJSI) or full benchmark?
- Every how often will progress be tracked? Will the benchmark be updated every x years?

- How often will a new benchmark/update be published?

Consultation process

- Consultation in Asia?
- Status of present consultation versus process after July 15th?
- You already go live next week, what can we realistically still influence?
- If and how did you consult business until now? Business Europe? International Organization of Employers (IOE)?

Reflections

Indicators

- Focus on HR topics: board diversity? ($\geq 40\%$ women on board?)
- Performance indicators. Add-on suggestions: maternity rights, childcare and breast-feeding support.
- Remedies & grievances: how to ensure stakeholders are heard/ considered (e.g. children/ youth)?
- Adverse events are proxy for performance on the [...], i.e., whether companies walk the talk (= policies). Not only reactions should be captured. Benchmark within some sector.
- Sometimes there is a lag time (sometimes considerable) between the occurrences of events and the time they are publicly reported.
- Engagement with affected stakeholders is key. Differentiate between stakeholders.
- Link with RAFI very important.

Weighting

- Weighting of management systems. Embedding policy is light weighted, 5%. More weight could be given to this topic.
- Great to see priority on practice.
- Weighting of performance. KPIs are crucial + adverse events can discourage companies to be transparent. What about giving more weight to KPIs and less to adverse events?

General

- Bias towards companies that respond to survey.
- Plus: public information only.
- Don't make this another 'check the box' quest/ benchmark. Do you actually feel this benchmark will improve HR practices?
- Sorry to see only focus on large-caps. We would like to know about smaller caps as well as global investors.
- Geography is out of scope. Shouldn't we expect more from companies operating in or scouring from high-risk countries, especially in relation to KPIs on issues? Missed opportunity.
- Concern: too much level of detail. Will bring delay and bias scores.
- The benchmark is not including the community impact assessment approach, therefore the indicators are determined by outsiders (CHRB) and (UNGP).

In addition to the reflections captured by the post-its, participants were asked individually to mention one key reflection in the plenary feedback session. These are documented below:

- The need to ensure stakeholders engagement especially on the Remedies & Grievances sub-heading.
- Consider community-based indicators (3rd party information) not all information based on companies.
- Consider whether geography is more important than sector. Comparing the companies on the sector might not be as useful as companies based on geography.
- Explore the best combinations of the weighting of measurement themes.
- Indicators included in Performance, measurement theme seem to be very labour related.
- Weighting of Remedy sub-heading should be more than 10%, in the UN Guiding Principles on Business and Human rights it equates to 33%.
- Review the link with Dutch government sector indices to the sectors.
- Need to decide what battles to pick: broad focus captures many issues – but a danger that it doesn't take into account more analytical indicators focused on specific issues.
- Indicators seem to be based more on the data available rather than capturing the mains issues on human rights
- Bias of Adverse Events, inevitably less focus on B2B Companies.
- Adverse Events – how to look at systemic issues rather than incidental events. Consider a more structured approach.
- Consider the impact of the time lag between events happening and reporting
- Companies choose to operate in risky areas, so should be held accountable even if there is no response over adverse events.
- Concerned about the lack of awareness business have on the CHRB, need to engage more.
- Avoid box ticking.
- How does the scoring function when there is an indicator is not N/A?
- Consider the timing of the benchmark. March - June tends to be very busy for companies with reporting surveys.
- How will the Benchmark engage with 500 companies moving from policies to practise – impact?
- Appears to be some confusion between the policies and practices and performance section. Performance should be cross cutting.
- How you want to work to better weight on performance, how is it being performed – on the ground.
- Important to include high-risk countries in the analysis.
- What does the benchmark do, does it measure the impact – did it change something on the ground. Consider whether focused on input and output or change it to outcome - the right holder.
- Need to include more information in your narrative on how the benchmark will support NGOs and civil society.
- How do you keep the benchmark accessible and real? Avoid getting lost in all the data and numbers.
- Concerned about the scale and getting lost in the detail. Consider focussing on a database not a benchmark. Make information more available for investors.

4. Break out Groups on Broad Critical Issues

Phil Bloomer, Executive Director of Business & Human Rights Resource Centre and member of the CHRB Steering Committee introduced the breakout groups to discuss broad critical issues that were highlighted in initial consultations in 2013 & 2014.

The three broad critical issues identified were:

- Have we got the principles behind the weighting right? Ensuring a balance between policy vs. performance
- Have we covered the top issues in the key sectors?
- Is the benchmark fit for purpose (for all stakeholders)

For each issue participants were asked to focus on: 1) Whether the issue has been resolved, 2) Challenges, 3) Opportunities, 4) Next Steps & 5) Network need to take this forward.

4.1 Have we got the principles behind the weighting right?

Agreement in the breakout group on the need to rethink the methodology and its measurement themes as it currently mingles processes/performance and policy indicators (i.e. performance indicators currently do not come across as measuring actual performance). Two proposals were discussed:

Proposal 1

Weighting should be divided:

- one third for Policy & Management
- one third for KPI
- one third for Remedy

Consideration to take into account:

- Is remedy effective? How to know this? Not much reporting on this. So if remedy given too high a weight, will be hard to measure
- Should weighting be based on availability of data (self reporting) or importance (impacts on the ground)? Do you want to raise awareness of companies or reflect the current state of the art of the companies and everyone on the same page. CHRB looks to be based on availability of data but should start from what is important.
- To include impact on the ground, need to include an indicator on stakeholder engagement, but this needs to cover affected stakeholders. How does the CHRB relate with affected stakeholders if there are no allegations? In Access to Medicine, stakeholder engagement strategy is rewarded. Need to go and consult affected stakeholder in countries of concern + need to show this is a strategy (identify stakeholders and have a strategy)

Proposal 2

For the measurement themes, think of corporate responsibility to respect human rights as outlined in the UN Guiding Principles on Business and Human Rights

- Policy
- Processes (track, assess, etc.) + Grievance Mechanisms/Remedy
- Avoid impacts (and CHRB could encourage this)

Consideration to take into account:

- Would solve the issue of requiring policies under some KPI indicator
- Acknowledge that some things are impossible to measure
- Focus on salience i.e. (do not require Forced Labour indicator if operating only in Europe)

Participants felt this second proposal was the way forward.

Discussion: Which areas to prioritise/give more weight to?

- Separate weighting for Grievance Mechanisms/Remedy
- In the performance theme should give highest weighting to KPI (more than adverse impacts which may discourage transparency)
- Do not need reporting as a separate theme, it is double counting and most of it could be under KPI.
- Prioritise due diligence (because highlights human rights approach and focuses on salience). Might score low but, will help to differentiate leading companies (and lead by example). Good to start at 15% weighting and increase over time when companies start to do it.

Discussion: What about complicity issues – is that a danger?

- Focus on what they do, this is more important.
- Could reward positive things (e.g. companies getting together to raise minimum wage in Cambodia).
- And score negative if complicit.

Suggestion if a lot of indicators, each indicator gets less weight. Be more selective in the indicators.

4.2 Have we covered the top issues in the key sectors?

The participants in this group highlighted what issues were missing per sector:

Extractive:

- Government relations – linked to taxation
- In Migration and link to access to services
- Economic Development
- Local employment
- Labour rights

Agriculture:

- Health & Safety – related to Women in the supply chain
- Child Labour
- Living Wage



Apparel:

- More on the specifics of Health & Safety – Facilities, Business Construction, Protective Clothing
- Living Wage

Acknowledgement that if the benchmark is focusing on impact then there can't be too many issues identified.

What are the challenges?

- Over focus on indigenous rights in the extractive sector, shift to a local community approach that takes into account indigenous people as a vulnerable group within this approach.
- How to deal with government relations based on public information, need to talk to trade associations like ICMM and EITI on how to do this

What are the opportunities?

- To increase empowerment of women through a health and safety angle
- Living wage as a driver – moving forward

What steps are needed and who to engage with?

Refer to external sources as a way of justifying what issues are included in the significant sector risks. Refer to:

- Global Reporting Initiative guidelines
- Human Rights Sector Specific Guides – i.e. IHRB
- Industry Guidance
- ILO
- IFC Performance Standards

Gain more awareness through Trade associations, Global Compact, World Business Council for Sustainable Development

4.3 Is the benchmark fit for purpose (for all stakeholders)

Opportunities according to ...

<p><i>Companies</i></p> <ul style="list-style-type: none"> • Will strengthen position of frontrunners. • May increase transparency on human rights performance of companies. • Benchmark may become target for CSR officers: rank in top quarter. 	<p><i>Investors</i></p> <ul style="list-style-type: none"> • Portal as collection point of all human rights related information about a company.
<p><i>Civil society organisations</i></p> <ul style="list-style-type: none"> • Can help to identify risks per country and come up with cases. • Campaigning to increase score of bottom quarter. • Stimulate sharing of best practices. 	<p><i>Government</i></p> <ul style="list-style-type: none"> • Link to Dutch Sector Risk Analysis.
<p style="text-align: center;"><i>Consultants</i></p> <ul style="list-style-type: none"> • Advise on how to improve score. 	

Challenges according to ...

<p><i>Companies</i></p> <ul style="list-style-type: none"> • No buy-in yet from business. Use IOE, Business Europe, WBCSD, ILO, and sector organisations. • Indicators very detailed, cumbersome, complex. • Difficult to score on leadership indicators. • Business case needed for CFO. • Expect pushback on only publicly available data. • Very sensitive area. 	<p><i>Investors</i></p> <ul style="list-style-type: none"> • How to ensure benchmark is based on reliable and credible information sources? • Scale is important. • Score is less important than qualitative data on which score is based. • Should not become a box ticking exercise. • Already a lot of benchmarks.
<p><i>Civil society organisations</i></p> <ul style="list-style-type: none"> • Usefulness versus sector specific indicators. 	

Tips:

- Engage with embassies to map risks per country.
- Engage with National Action Points.

5. Next Steps

Prior to closing the meeting, Vicky Dodman, Programme Manager of the CHRB, outlined the next steps in developing the Benchmark and highlighted the on-going multi-stakeholder consultation process and the online consultation where participants could contribute additional feedback.

Agenda Corporate Human Rights Benchmark Multi-Stakeholder Consultation in Amsterdam

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1. Welcome

Anna Pot

2. Welcome, Objective of session and tour de table

Giuseppe van der Helm

3. Presentation on the general framework of the CHRB

Vicky Dodman & Annemieke Reijngoud

Linked to CHRB Framework Paper sent in advance to participants

4. Overarching impressions & Q&A from participants

Facilitated by Giuseppe van der Helm

5. Break out sessions on broad critical issues

Facilitated by Phil Bloomer

- Ensuring a balance between Policy and Performance – Have we got the weighting of the measurement areas right?
- Have we covered the top issues in the key sectors?
- Is the benchmark fit for purpose (for all stakeholders)?

6. Report back to Plenary - the main suggestions from the group discussion

Facilitated by Phil Bloomer

7. Next Steps – where to add more feedback and process going forwards

Vicky Dodman

8. Closing Remarks

Giuseppe van der Helm

Attendee List

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Business

Harm-Jan Pietersen	Ahold
Juliette Herin	Phillips Innovation Services
Rutger Goethart	Heineken

Investors

Anna Pot	APG
Danielle Essink	RobecoSAM
Sylvia Giezeman	ACTIAM N.V.

Government

Maaïke Hofman	Dutch Ministry of Foreign Affairs
Toyah Rodhouse	Aegon

Civil Society

Anouk van Schaik	Oxfam Novib
Damiano de Felice	Access to Medicine
Liesbeth Unger	HumanRights@Work
Lucia Lopez Pineda	Oxfam Novib
Lucia van Westerlaak	FNV Bondgenoten
Mark Wijne	Unicef Netherlands
Wilco van Bokhorst	Right Business

Research Providers

Celine Steer	GRI
Phillipp Aeby	RepRisk
Remco Slim	Sustainalytics

Corporate Human Rights Benchmark

Giuseppe Van der Helm	VBDO
Annemieke Reijngoud	VBDO
Typhanie de Borne	EIRIS
Phil Bloomer	Business and Human Rights Resource Centre
Vicky Dodman	Corporate Human Rights Benchmark