

The Reporting and Assurance Frameworks Initiative (RAFI)

Meeting of the Eminent Persons Group

February 24, 2015

Summary Report

A meeting (in person and by conference call) of the Eminent Persons Group (EPG) of the Reporting and Assurance Frameworks Initiative (RAFI) took place on 24 February 2015. The following report provides a summary of the discussions. Annex A provides the agenda for the meeting. For further information on RAFI, please visit the RAFI portal.¹

Participants

Participating EPG members:

1. Roel Nieuwenkamp - Chair, OECD Working Party on Responsible Business Conduct
2. Christopher Ng - Regional Secretary, Asia and Pacific, UNI Global Union
3. Filip Gregor - Lawyer at Frank Bold
4. Peter Herbel - Former Senior Vice President and General Counsel, Total S.A.
5. Teresa Fogelberg - Deputy Chief Executive, Global Reporting Initiative
6. Gro Nystuen - Senior Partner at ILPI and former member of Ethical Council of The Government Pension Fund of Norway
7. Thomas Thomas - CEO, ASEAN CSR Network
8. Adam Kanzer - Managing Director and Director of Corporate Engagement and Public Policy, Domini Social Investments
9. Michelle Staggs Kelsall - Deputy, Human Rights Resource Centre (for ASEAN)

Participating project team members:

- Shift: Professor John Ruggie (Chair), Caroline Rees, Anna Triponel, Peter Hall and Julie Schindall
- Mazars: Richard Karmel

Update on the UNGP Reporting Framework

The project team recapped key highlights from the final Reporting Framework text, which is available online², and the plans for the evening launch event. They reminded members that Unilever is piloting the Framework in 2014/15 and explained that four additional global companies had agreed to be early adopters of the Framework and share their learning from that process: Ericsson, H&M, Nestlé and Newmont. In addition, 67 investors representing \$3.91 trillion assets under management had signed a support statement.³

The project team reiterated the decision to focus the Reporting Framework on “**salience**” and its relationship with “**materiality**.” By reporting on salient human rights issues,⁴ companies will identify risk to people first and foremost and be consistent with the UN Guiding Principles on Business and Human Rights. This focus on the most severe negative impacts, will also help companies identify human rights issues that can be expected to converge strongly with risk to their business, whether in the form of operational disruptions and delays, lost productivity and business opportunities or reputational harm.

¹ RAFI portal: <http://business-humanrights.org/en/business-and-human-rights-reporting-and-assurance-frameworks-initiative-rafi>

² Read the Reporting Framework and its Implementation Guidance: <http://www.ungpreporting.org/>

³ Read the Investor Support Statement: <http://www.ungpreporting.org/early-adopters/investor-statement/>

⁴ The Reporting Framework defines a company’s salient human rights issues as “those human rights that are at risk of the most severe negative impact through its activities or business relationships.”

EPG members expressed their support for the Reporting Framework in terms of its content, drafting process and its potential to spur meaningful reporting by companies on how they manage impacts on people connected to their business, which is currently lacking.

Members of the group also:

- highlighted that they had already heard **a lot of positive feedback** about the Framework, including from NGOs who were initially cautious about the project;
- agreed that it is important to stress that **the most severe human rights impacts constitute a risk to business**;
- applauded **the Framework's simplicity and clarity**, in particular, the simplicity of the 31 questions (including the 8 overarching questions) and the depth of the corresponding implementation guidance.
- welcomed the fact that the questions are **accessible to all companies**; that the implementation guidance demonstrates how the Framework relates to other relevant reporting standards; and that there is a clear explanation of the relationship between salience and materiality.
- highlighted that **Annex A** ("The Relationship between Business and Human Rights")⁵ is a particularly useful tool for companies, including SMEs, who have not yet engaged on this issue.
- expressed **hope that companies who are not yet reporting on human rights, may be persuaded to do so** instead of sitting back and watching the process of States developing national action plans on business and human rights
- stressed the urgency of advancing meaningful company disclosure on human rights all over the world and that the Reporting Framework is **a strong tool for companies and States to meet their corresponding duties and responsibilities and their future obligations with the advent of increased regulation** in this area.
- suggested that **companies should be encouraged to provide a general overview of how their operations impact on human rights** as context for explaining how they selected the "salient" human rights issues. This would ensure that the company formally recognizes all its potential and actual human rights impacts, including those that do not reach the "salient" threshold.

The UNGP Assurance Framework

The project team updated EPG members on the status of the Assurance Framework. They explained that **developing the Assurance Framework is now a priority** following the launch of the Reporting Framework. The aim is to launch the Framework in the early part of 2016, following discussions with relevant experts and global multi-stakeholder consultations.

The project team underlined the objective that the Assurance Framework should help advance and assess the quality of reporting by companies on their human rights performance and contribute to improvements in the practice of assurance more widely. They reiterated the key elements of the **vision for assurance** in this area, based on consultations to date:

1. Companies should meet the minimum threshold of reporting on human rights set out in the Reporting Framework before assurance of that information can be credible and add value;
2. "Limited" assurance is a starting point, but where appropriate there should be movement towards "reasonable" assurance where possible, without deterring companies from reporting;
3. Assurance opinions will need to provide fuller and more insightful information on the assurance process and findings than the current boilerplate language;

⁵ Read Annex A ("The Relationship between Business and Human Rights") of the Reporting Framework, pages 101-108: http://www.ungpreporting.org/wp-content/uploads/2015/02/UNGuidingPrinciplesReportingFramework_withimplementationguidance_Feb2015.pdf

4. Assurance providers will need to convey that they combine the requisite knowledge, skills and capacity to conduct human rights assurance with general assurance skills and technical expertise in the relevant industry;
5. Two prerequisites for any assurance provider undertaking assurance in this field are independence and impartiality. Oversight and accountability would enhance its value and credibility, helping to address actual and perceived conflicts of interest.

EPG members supported the decision to now produce an Assurance Framework as soon as possible. They stressed that it should be accessible to all assurance providers, not just the big players operating in this space. It should also recognize the distinctions between incident reporting and risk reporting.

There was discussion of how assurance on reporting can be provided when the assurance provider may not know the full picture of a company's policies, processes and performance in practice. EPG members stressed the importance of checking that a company has conducted **meaningful and relevant stakeholder engagement**. Some also noted that stakeholder engagement is complex and that it is important to recognize and assess the different perspectives and motivations of all stakeholders, including NGOs and labor unions. To contextualize divergent views, it was suggested that assurance providers should check that companies include the perspectives of experts, such as respected academics, in the relevant jurisdictions, sectors and human rights issues.

The issue of **indicators** was also raised. EPG members noted that, in some instances, the Reporting Framework suggests that companies may reply to the questions by including "key performance indicators or metrics" (such as under Section C3). They discussed how the assessment of indicators could best be included in the Assurance Framework and agreed that assurance providers should aim to look at a broad mix of information provided, which could include reviewing the company's own indicators.

Future institutional housing/governance of the Reporting and Assurance Frameworks

The meeting participants briefly discussed the future institutional housing or governance of the two Frameworks. In relation to the Reporting Framework, there was support for the approach of focusing initially on monitoring the Framework's uptake and drawing lessons from information disclosed in order to build markets for good disclosure. This could mean building a network of academic and other institutions with an interest in this objective, to form a coalition of support. The project team committed to revert to the EPG members with concrete suggestions for further discussion.

Next steps

The project team highlighted that an **immediate task is to drive uptake of the Reporting Framework**. EPG members agreed they would encourage more companies to adopt the Framework, especially Asia-based and operating companies where there is a pressing need for practical solutions to prevent human rights harms. Some noted that it was important to stress that **the Reporting Framework is a "tool" not a "standard" and that it is *the* definitive tool for companies to report on how they respect human rights**. This would help companies understand the importance and benefits of using it.

EPG members suggested that the project team focus its energy on attaining endorsement and adoption of the Reporting Framework by companies and industry bodies operating in high-risk sectors. Others added that governments and intergovernmental organizations should be encouraged to reference the Framework in their regulations and policies, especially in their national action plans on business and human rights.

Annex A - Agenda of the meeting on 24 February 2015

UK time	Session
12:00-12:15	Introductions
12:15-13:30	Update on the UNGP Reporting Framework: <ul style="list-style-type: none">- Key amendments based on feedback- PDF & web presentation- Launch preview- Discussion
13:30-14:00	Assurance Framework <ul style="list-style-type: none">- Timeline of planned drafting and consultations- Discussion
14:00-14:30	Future institutional housing/governance of the Frameworks <ul style="list-style-type: none">- Review of options- Discussion
14:30-15:00	Next steps: <ul style="list-style-type: none">- Planned outreach- EPG assistance in awareness-raising- AOB