Consultation on the Human Rights Reporting and Assurance Frameworks Initiative (RAFI)

Full-Day Convening of Expert Stakeholders in New York on May 16, 2014

CONSULTATION REPORT

On 16 May 2014, the project team for the Reporting and Assurance Frameworks Initiative ("RAFI") hosted a one-day expert consultation in New York. RAFI was established in 2013 by project partners Shift and Mazars, in liaison with the Human Rights Resource Centre for ASEAN. It's aim is to develop, through a consultative process, a twin set of public frameworks: one to provide guidance for companies on what good human rights reporting looks like; and the other to provide guidance on what good assurance of such reporting involves. The objective is that the resulting frameworks become widely-accepted reference points for reporting and assurance with regard to implementation of the UN Guiding Principles on Business and Human Rights (the "Guiding Principles" or "UNGPs"). As such, they should be of use to companies, auditors and assurance providers, investors, civil society organizations, governments and stock exchanges, among others. Further information on "RAFI" is available in the initiative's Framing Document.[1]

The New York expert consultation was part of the second round of in-depth expert consultations[2], and involved a cross-section of individuals from companies, non-governmental organizations, government, audit and assurance providers, investors, and academia, and other experts. All participants took part in their personal capacities and not on behalf of their organizations, and the consultation was held under the Chatham House Rule in order to stimulate open and frank conversation. Annex A contains the agenda of the expert consultation and Annex B lists the participants. A similar in-depth expert consultation took place in London on 24 April 2014. A planned consultation in Jakarta was postponed due to the national elections and interviews with the participants are proceeding instead, pending the identification of new dates in the autumn. The reports of RAFI consultations that have taken place to date are available on RAFI's portal.[3]

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[1] RAFI Framing Document (November 2013), available at http://business-humanrights.org/media/documents/rafi-framing-document-2013.pdf.

[2] The first round of expert consultations were held in London on 17 October 2013, in New York on 23 October 2013, and in Jakarta on 20 November 2013.

[3] [3] RAFI Portal, available at http://www.business-humanrights.org/Documents/RAFI#127250.

The primary focus of this consultation was to further development of the RAFI human rights reporting framework. The discussions focused on the overall shape of, and approach to, the reporting framework, as well as some illustrative examples of the kinds of 'smart questions' that might form its content. Specifically, the consultation discussed four substantive areas: (i) current reporting vis-à-vis the UN Guiding Principles, (ii) the overview of the outline construct for the human rights reporting framework, (iii) illustrative 'smart questions' for the human rights reporting framework, and (iv) lessons learned from existing assurance for the human rights assurance framework.

Session 1: Current Reporting vis-à-vis the UN Guiding Principles

Overview from RAFI project team on current reporting vis-à-vis the UN Guiding Principles:

During the first round of RAFI expert consultations in October 2013, participants asked to what extent current company disclosure reflects the UN Guiding Principles. Shift commissioned research that could offer an initial response to this question.

This desktop research was based on recent disclosure by 43 companies (mostly US and European) across 8 sectors (apparel; automotive; banking; fast-moving consumer goods; food, beverage, agriculture; information and communications technology; oil, gas and extractives; and pharmaceuticals), through a variety of formats (annual reports, CSR reports, GRI reports, disclosure of internal documents, other information on websites etc.).

The research reviewed corporate disclosure of human rights policy commitments, due diligence processes, remediation efforts, and grievance mechanisms to:
  - *understand to what extent current company disclosure covers key elements of the Guiding Principles;*
  - *understand which particular Guiding Principles tend to have greater vs. weaker disclosure; and*
  - *identify examples of disclosure that represent the "leading edge" of reporting in this area.*

The analysis in the research focused on:
  - *the **scope** of disclosure: what, if anything, is discussed in relation to the key elements in the 'headline statement' of each relevant UNGP; and*
  - *the **robustness** of disclosure: what, if any, supporting evidence is provided, such detail on processes; examples; and case studies.*

Participants welcomed the research presented by the RAFI project team. It was noted that the disclosure reviewed includes leading companies that are choosing to disclose human rights information, while most companies are not reporting at all on human rights, even if they report on other areas of sustainability. Participants were interested in analysis of the company disclosure trends by geography and as correlated with participation in existing human rights-related initiatives. The RAFI project team undertook to review these dimensions in refining the research.

Participants noted a significant focus on reporting on human rights in supply chains among the companies covered by the research. Some queried whether this focus could be the result of perceptions that human rights are "something that happens over there," and whether this implied a lack of management of human rights risks within a company's own operations and across the full range of its business activities, and. In particular, it was noted that there is currently a lack of reporting on labor rights within companies' own operations.

Various participants raised a number of elements they felt should be part of any meaningful human rights disclosure, notably:

1. ***information about the company's core decision-making processes***, including how human rights are integrated into the work of key business functions and how improvements are made.

2. ***whether policies are implemented and effective in practice***. For example, stakeholders are less interested in company disclosure that highlights the existence of a human rights risk assessment than they are in information about how the risk assessment is carried out.

3. ***top-down information that shows how a company aligns with international norms, as well as bottom up analysis of a company's processes to address root causes*** of human rights impacts; for example, how a company's purchasing practices avoid contributing to negative impacts.

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[4] See Shift, *Evidence of Corporate Disclosure Relevant to the UN Guiding Principles on Business and Human Rights*, June 2014. http://shiftproject.org/publication/evidence-corporate-disclosure-relevant-un-guiding-principles-business-and-human-rights-0

4. *performance data that is supported by some explanation to place that data in context*; in this regard it was noted that information that shows how company performance changes over time may be more useful than comparing performance data across a range of companies.

Various challenges were noted with regard to disclosing relevant and sufficient performance information. Some commented that companies often lack comprehensive data about impacts, root causes, or improvements made: in many cases, their main source of data is from compliance audits. Where companies do have more comprehensive performance information, they may choose not to disclose some of it, and were felt by many to "cherry pick" examples that may not be representative of their full activities. It was noted that where companies are the only entity that knows the full picture, it is hard for external stakeholders to judge how balanced and representative their disclosure is.

Many participants stressed that the reporting framework should avoid companies feeling intimidated or overwhelmed: it was seen as more important that they be encouraged to start reporting, even if at a basic level. Report users at the meeting underlined the urgency of driving improved transparency because of recent, severe human rights tragedies (eg. worker deaths in Rana Plaza). At the same time, they recognized that many companies may be focusing attention on human rights for the first time, and that implementing credible programs, and reporting on them, takes time. One corporate participant with experience reporting on human rights noted that the words "human rights" can instill confusion and even fear in a corporate environment. Another participant noted that companies might feel encouraged to report on human rights if the reporting framework enabled them to convey how they supported human rights, alongside how they manage risks to human rights.

Participants underscored that reporting can help initiate important internal company conversations on human rights. Many noted that the process of gathering information for public reports can act as an internal trigger for improvements in policies and processes, and the further integration of human rights into the practices of key functions and operations. To support this, any questions or indicators for corporate reporting should also be useful inside the organization; otherwise the exercise of public disclosure is limited to that purpose alone.

It is important for reporting organizations to show how human rights are relevant to their core operations and risk frameworks. One participant noted that without this focus, reports end up being "pretty", but also somewhat "sloppy" because they do not include information about how the company is managing key aspects of its business activities and impacts. One participant noted that human rights often do not show up on the "corporate risk register," and that while companies are loathe to assign financial value to human rights, not doing so at all presents a default valuation of zero. As a result, human rights are often not integrated into a company's internal auditing, risk management processes and

materiality assessments, leaving the Board of Directors often unaware of real risks to the company's assets and social license to operate.

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Session 2: Overview of Outline Construct for the Human Rights Reporting Framework

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Overview from RAFI project team on the outline construct for the human rights reporting framework:

The RAFI project team circulated in advance of the consultation a draft outline construct for the human rights reporting framework. This describes the possible categories for the framework. Although the framework is focused on human rights, it is assumed that most companies would include the information in a broader annual report, sustainability report or other form of disclosure, rather than as a self-standing report. The RAFI project team is in conversations with GRI regarding how the framework will dovetail with GRI G4[5]. The outline construct refers to a "reporting entity", so that the human rights information can be provided at the corporate or at the operational level.

An annotated description of the draft outline construct that was discussed at the consultation is available online:[6]

> ➤ *The first (green) sections of the outline construct elicit some general, overarching information regarding the articulation of the company's human rights policy commitment and measures to embed it in company culture and practices (see UNGP 16).*

> ➤ *The subsequent (red) section provides a 'filter point' section through which the reporting entity would identify its salient human rights risks across its business activities and relationships, and justify how these were identified. It would also explain here any decision to focus its reporting about those salient risks on particular geographies, whether the same geographies for all risks or different geographies for different risks.*

> ➤ *The subsequent (blue) sections of the outline construct would then elicit more specific information about each of the salient human rights risks identified, with regard to specific policies (see UNGP 16), stakeholder engagement (see notably UNGPs 18, 20, 21, 22), risk assessment (see UNGP 18), integration and action (see*

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[5] GRI and RAFI collaborate to leverage the power of business to advance respect for human rights (December 2013), available at https://www.globalreporting.org/information/news-and-press-center/Pages/GRI-and-RAFI-collaborate-to-leverage-the-power-of-business-to-advance-respect-for-human-rights.aspx

[6] Draft Outline Construct for RAFI Reporting Framework (April 2014), available at http://business-humanrights.org/media/documents/rafi-outline-consultation-apr-2014.pdf.

UNGP 19), tracking (see UNGP 20) and remedy (see UNGPs 22, 29 and 31). Communication on how the reporting entity addresses its human rights impacts (see UNGP 21), other than the preparation of this human rights disclosure, would be included in the section on stakeholder engagement.

While the disclosures on 'assessing' and 'acting' are more forward-looking in nature, and the disclosures on 'tracking' and 'remedy' are more backward-looking in nature, all sections would call for the company to disclose practical examples with regard to specific cases, potential and actual impacts.

➢ *The final (yellow) sections of the outline construct indicate the potential content that might populate the reporting framework in relation to each of the green and blue sections. This would include (a) some explanation of what is being looked for and why, (b) questions to elicit narrative responses (and possible indicators), (c) cross-references to respected industry/issue-specific guidelines and indicators, and (d) some illustrative examples of what responses might look like in practice.*

Participants felt the RAFI reporting framework would help companies track progress, build accountability, and meet increasing reporting demands. They welcomed the fact that the outline construct follows the expectations of the Guiding Principles. Many commented that it appeared to be intuitive from a top-down perspective and aimed to motivate improvements in human rights reporting over time, rather than simply creating a minimum expectation. Participants particularly welcomed the framework's call for specific examples, and requested that these be further emphasized. In particular, participants would like to see companies reporting on challenges they have experienced, and how they have addressed them, along with other information that shows how their approaches are evolving over time.

Participants noted the importance of describing how the RAFI reporting framework fits with other non-financial reporting standards and initiatives. It will be important for report preparers and users to understand how the RAFI framework is distinguished from and complements the GRI, IIRC, and sector-specific initiatives – and that it does not seek to undercut these standards. One participant underscored the strong progress that industry-specific initiatives have made (eg. the Global Network Initiative, Voluntary Principles on Security & Human Rights, Fair Labor Association, etc.). The RAFI project team confirmed that the reporting framework intends to complement these types of initiatives, and could even provide a platform for highlighting their relevance. Another participant advised the project team to consider how the RAFI reporting framework can best position itself in the context of mandatory disclosure, given the recent passage of the EU Directive requiring

listed companies to report on their management of human rights risks[7] and the recent Investor Listing Standards Proposal being considered by the World Federation of Exchanges[8], which recommends integrating sustainability disclosure requirements into listing rules for U.S. and global stock exchanges.

The approach of using 'salient human rights risks' as a filter point within the outline construct was supported by participants. This was generally seen as more helpful and appropriate than attempting to define human rights risks as material only to particular stakeholder interests. It was widely agreed that a company's identification of salient human rights risks should be based on the Guiding Principles' focus on risks to people. This should help ensure that the selection of focal risks would not simply reflect the biases of one audience for the report.   It was further agreed that companies should disclose how they identified the selected risks as 'salient', guided by some clear criteria. Some participants noted this explanation should demonstrate a company's understanding of how their business activities might be causing, contributing to, or linked to a negative human rights impact, as defined in the Guiding Principles.

Participants discussed the use of specific language within the RAFI outline construct, including the need to 'translate' the framing of human rights in the Guiding Principles to terms that are relevant for companies. This will be particularly important so that companies connect human rights to their business activities and impacts. Some participants emphasized the need to specifically define 'risks' as 'potential impacts' in order for report preparers and users to understand that the Guiding Principles expect companies to evaluate forward-looking risks to people, and not solely risks to the business.

The reporting framework should consider multiple audiences. Many participants underscored the important role that investors can play in pushing companies to change behavior; the value of engaging mainstream investors was also emphasized. Some participants noted that focusing too much on investors may pose challenges to focusing on the human rights of people, because human rights risks do not always equate to financial risks. Socially responsible investors stressed that, in their perspective, relevant risks extend beyond those that translate obviously or immediately into financial terms. Many participants emphasized a need for reporting organizations to communicate how they engage affected stakeholders in their efforts to address human rights risks and impacts.

Several participants proposed that the reporting framework could be used as an internal learning tool, as well as disclosure vehicle. Internal conversations about what to disclose externally were seen as useful in driving improved awareness and processes, as well as improved reporting overall. Internal engagement using the RAFI framework may result in new and possibly challenging conversations, depending on what information is being

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[7] The plenary of the European Parliament adopted *Council Directives 78/660/EEC and 83/349/EEC* on 15 April 2014 regarding disclosure of non-financial and diversity information by certain large companies and groups. See http://ec.europa.eu/internal_market/accounting/non-financial_reporting/index_en.htm.
[8] http://www.world-exchanges.org/insight/reports/wfe-launches-sustainability-working-group

proposed for external disclosure. Moreover, it was suggested that RAFI could help companies build internal buy-in for a rights-based approach to addressing negative impacts as part of their risk management processes. This would help integrate human rights into companies' internal control systems and bring issues to the attention of those at the highest governance levels.

Participants requested that the RAFI project team develop guidance on how the reporting framework should and should not be used. Some participants noted that preparation for the level of reporting envisaged could be time-intensive and present challenges for companies that lack the internal resources or the necessary space allocation within their current reports. Some also feared that the number and nature of questions may also limit the uptake of the reporting framework. The perceived risk was that companies might pick and choose from the reporting framework or apply it only to a limited portion of their business activities. There was general agreement that there should be scope for companies at different starting points to begin reporting using this framework for the first time. At the same time, it was suggested that RAFI should make clear what was a legitimate baseline starting point and what would be necessarily inadequate.

Session 3: Illustrative 'Smart Questions' for the Human Rights Reporting Framework

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Overview from RAFI project team on the illustrative smart questions for the human rights reporting framework:

From February to April 2014, the RAFI project team interviewed around 20 individuals from companies, investors and civil society organizations to discuss the types of question and indicator that would elicit information that it is meaningful for stakeholders to read, viable for companies to provide, and which supports good human rights due diligence. The resulting first draft of 'smart questions' that could provide core content for the RAFI reporting framework are available on the RAFI portal.[9]

The aim is for these questions to be limited in number and clear in their language; open enough to allow for responses that are appropriate to different sectors, issues and operating contexts; and targeted enough to elicit the intended kinds of information in a clear and relevant form.

In line with feedback from stakeholders, the RAFI project team has prioritized the development of 'smart questions' at this stage. However, this does not mean that the RAFI reporting framework would not include indicators. There are several possible approaches to the use of indicators.   The reporting framework could: (1) include self-standing

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[9] RAFI Examples of Smart Questions that Elicit Meaningful Information, Draft for Discussion April 2014, available at http://business-humanrights.org/media/documents/rafi-smart-questions-apr-2014.pdf.

indicators that are useful by themselves or in the context of the answer to a particular question; (2) cross-reference indicators that have been identified through industry- or issue-specific initiatives, illustrating where they would fit into the RAFI framework for relevant companies, and/or (3) solicit information from companies on the indicators that they have been using and the results they show.

The RAFI project team requested general views on these draft questions as well as views on the use of indicators.

Participants welcomed the Smart Questions as an important component of the RAFI reporting framework. One participant suggested that by simply working through the list of questions provided, a company's responses should result in meaningful, narrative disclosure. Some underlined that human rights information may not be as easily quantified as other ESG information, but that the RAFI reporting framework should nevertheless guide companies to produce measurable information, where possible. Some noted the need for companies to assess their initial performance in order to form a comparative baseline for reporting on improvements over time.

Participants underscored the importance of asking the 'right' questions in order to drive improved disclosure and behavior change. It was affirmed that questions should combine operational and aspirational factors, and help companies to disclose specific information about both their impacts and their management systems. Some noted that where companies simply reference key terms from the Guiding Principles, such as 'human rights due diligence' or 'assessing impacts,' without any explanation of how these processes are being put into practice, this has very little meaning. At the same time, it was widely accepted that implementing such processes takes time, and so participants saw merit in questions that help companies to share information about their evolving efforts.

Participants underscored the importance of stakeholder engagement in a company's overall reporting process. The RAFI framework should ensure that the questions related to stakeholder engagement elicit meaningful responses from companies about how they are building trust with rights holders who are affected by business activities. One NGO participant underlined that local communities do not 'compartmentalize' risks, and so companies need to engage on several different issues. Finally, one company participant noted the potential for companies to use of the Smart Questions in their own informal stakeholder engagement processes, which often produce the most meaningful conversations about human rights risks and impacts.

There was discussion of the need to show that the reporting framework is based squarely on the UN Guiding Principles and its normative content, without turning the framework into a full manual for implementation. Participants explored the potential for explanatory guidance to help companies understand the intent of questions within the framework and the types of relevant information that could be included*.* This could also help reduce the

number of questions within the framework. Other supporting content could include criteria for responding to certain questions and/or illustrative examples of existing or hypothetical corporate disclosure. Cross-references between the questions and the relevant parts of the Guiding Principles were also seen as important by many. One participant suggested using scenarios as a way to frame or explain questions, as has been requested by investors in fossil fuel companies when considering climate risk.[10] This was seen as one way to ensure companies are reporting on processes for addressing forward-looking human rights risks.

The value of developing a technology platform for the reporting framework was highlighted. It was noted that an online platform could provide for an expanding decision-tree that guides reporting entities through the different categories of the framework, overarching questions, more specific questions, relevant cross-references to sector-specific initiatives, examples and so forth. This platform could also help to manage possible changes in the reporting framework over time. Some participants suggested that companies might report information directly into the platform, enabling companies, stakeholders, and research providers to compare improvements since the last reporting period.

Participants' specific suggestions with regard to the Smart Questions included the following:

➢ There was general agreement regarding the benefits of having some headline questions for 'beginners' that lead into more demanding, supporting questions as a company's reporting efforts evolve.

➢ To elicit concrete responses, several stakeholders suggested breaking down some of the questions into simple elements:

   ▪ One participant suggested adding questions that ask companies to provide specific information about the context of their business activities and relationships, such as " Which geographies do you operate in?"; " Who are the stakeholders you are talking to (workers, NGOs, etc.)?"; and "What are you talking to them about?"

   ▪ One participant suggested that questions regarding how affected stakeholders have been engaged in a company's reporting process could be simpler and more direct in order to understand whether stakeholder voices are clearly represented, eg. "How have workers been interviewed or otherwise directly engaged?"

   ▪ One participant suggested that more specific questions about Grievance Mechanisms could focus on: 1) a description of a company's mechanism(s); 2)

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[10] See the Carbon Asset Risk Initiative coordinated by Ceres. http://www.ceres.org/files/investor-files/car-factsheet.

how the company ensures the independence of the mechanism; and 3) concrete indicators that show it's working in practice (eg. what follow up steps were taken, etc.).

➢ It was noted that the term 'severity' should be clearly defined as related to human rights impacts to ensure companies base their responses on the definition provided in the Guiding Principles.

➢ Some felt that it would be important for questions to limit companies' tendency to provide low-quality output data that is easy to report, but does not match with the RAFI reporting framework's intention to elicit meaningful information. For example, many companies disclose the aggregate results of factory audits, but this information does not convey whether the company has mapped potential risks more fully and/or understands the distribution and types of human rights impacts that can occur across the value chain.

➢ Participants recommended that questions should elicit information that gives stakeholders an understanding of whether companies have effectively developed the management systems and internal controls necessary to adequately answer the Smart Questions. These kinds of question will also signal the need for management to competently understand human rights subject matter.

Session 4: Lessons Learned from Existing Assurance for the Human Rights Assurance Framework

Overview from RAFI project team on the lessons learned from existing assurance for the human rights assurance framework:

During the first round of RAFI expert consultations in October 2013, the RAFI project team noted the widely differing ways in which the terms 'assurance' and 'audit' are used by different stakeholders from different fields of practice. In response, Adam Carrel from Ernst & Young, a participant in the October 2013 New York consultation, undertook to provide an overview on this issue, which represented his perspectives and not necessarily those of Ernst & Young.

The paper included a description regarding the difference between *non-financial audit* (geared towards confirming a certain facility/asset meets a certain standard at a certain time) and *non-financial assurance* (geared towards confirming that an entity's processes imply that all of its assets and activities are likely to converge towards an acceptable standard). It also offered perspectives on the relative strengths and weaknesses of current audit and assurance models and lessons that RAFI might draw from them, notably that:

- *the framework could move beyond certain weaknesses in social audit by setting out*

> *process requirements for credible assurance; and it could move beyond some current limitations of assurance by guiding assurance providers to include meaningful information in their public opinion;*
>
> - *the framework could stipulate that all – or at least some core minimum – of a report must be assured, and require that reports be assessed against all relevant criteria (eg completeness, materiality, accuracy), to avoid current uncertainties as to what assurance covers and therefore what it means in practice;*
>
> - *the framework could avoid tick-box assurance by stipulating that assurance processes should start with a review of how the reporting company identified its 'salient risks'; assess the appropriateness and effectiveness of processes rather than just their existence; and review whether processes described apply across a company's operations, and not just in one area.*
>
> The RAFI project team shared the paper with participants to further advance collective thinking about the RAFI assurance framework. The paper is available on the RAFI project portal.[11]

Some participants questioned whether focusing on assurance might undermine the effectiveness of the reporting framework. Other participants emphasized that company-provided information alone does not instill necessary trust in external stakeholders' view of their human rights risks, impacts, and management systems, and that an assurance framework would add credibility. The project team confirmed that the reporting framework should have independent utility from the assurance framework, and that the assurance framework will be created on a slightly slower timeframe, so as to ensure its development does not drive the content of the reporting framework. Participants agreed with this approach.

Participants highlighted that assurance of human rights disclosure will require new expertise, including new skill sets for assurance providers. For assurance providers, the process should be based on clearly defined criteria for assessing the reliability of both qualitative and quantitative information disclosed. Common definitions for assurance with a human rights lens do not yet exist, so it will be important to consider this as the framework is developed. Participants underscored the value of engaging both assurance providers and human rights practitioners in multi-stakeholder consultation to do so.

Assurance of human rights reporting will also necessitate senior management sign-off of the information reported if the assurance process is to have meaning. Participants

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[11] Adam Carrel, The Human Rights Reporting and Assurance Frameworks Initiative: Considerations for the development of an assurance framework (April 2014), available at http://business-humanrights.org/media/documents/adam-carrel-white-paper-rafi-apr-2014.pdf.

recommended that a company's Board have this accountability, which may require new training for Board members and for the operational staff that provide them with analysis and evidence. This further highlighted the need to build a robust case with company management – including the function that is paying for assurance – for why they should pay attention to human rights issues. One participant recommended that the preparation of human rights information for assurance should be managed by a company's internal audit function, since they often report directly to the Audit Committee. This would help ensure that adequate controls and governance systems are put in place to review human rights information.

It is quite likely that the initial users of the RAFI assurance framework will be a company's internal audit function. It was noted that this could have a distinct value in helping companies improve their integration of human rights into management systems, and also ensuring rigorous internal review of the qualitative and quantitative information that goes into a human rights report. Company participants offered perspectives on using assurance within their sustainability reporting efforts, including how they are involving the internal audit function. One commented that their CSR department was initially nervous about engaging the internal audit team, as they were not using sophisticated data management systems to collect and analyze performance information; however, the internal audit team actually helped them improve systems which resulted in better quality reporting. Another company participant shared that deliberate engagement with their internal audit department had significantly improved their reporting processes, and also helped to link ESG information to other systems and analysis inside the company.

There are both opportunities and challenges in determining how to credibly bring a human rights lens to assurance. On the positive side, some participants felt assurance could potentially help investors, NGOs, and other stakeholders to have confidence in the information companies provide in their reports. It could be helpful for reviewing company performance information in context, not least in emerging economies where human rights laws are lacking. On the negative side, it was noted that assurance can be very costly and does not always present a full picture of a company's impacts, processes, or accountability systems. Another challenge highlighted was the current lack of an enforcement or oversight body for the provision of assurance in non-financial reporting contexts, outside of the ethical standards covering professional audit firms. Participants from the assurance field also suggested that the assurance framework should include clearly defined criteria for conducting assurance that ensures assurance providers bring necessary expertise to the process.

Next Steps

The project team shared a tentative timeline for the remainder of the RAFI process and outlined the key steps envisioned:[12]

➢ Similar consultations are planned in Europe and ASEAN[13]. All reports will be made public and posted on the RAFI portal.

➢ The RAFI project team will review all the feedback received to articulate what this means for the way forward. This will include a refinement of the outline construct and smart questions, based on the comments and suggestions received.

➢ There will be a third round of expert consultations in the second half of 2014 to further advance the reporting framework and begin more substantive work on the assurance framework.

➢ A pilot process is planned with a large multinational, starting in the summer of 2014, to test the robustness of the reporting framework and to assess what responding to these types of questions will look like in practice. Learning from this pilot will be fed back into stakeholder consultations. Further pilots of both the reporting and assurance frameworks are planned for 2015 with companies in different sectors and regions.

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[12] A 2014-2015 tentative calendar for RAFI, which will be further driven by the needs of the consultative process, can be found on the RAFI portal. See http://business-humanrights.org/media/documents/rafi-tentative-calendar-2014-2015.pdf.

[13] Since this consultation, it has become apparent that the consultations originally planned for Jakarta in June need to be postponed due to the election period in Indonesia. Instead, the RAFI team will hold phone conversations with those who participated in the November 2013 ASEAN expert consultation in order to update them on progress and seek their feedback. Replacement dates for an in-person consultation will be identified as soon as possible.

Annex A: Agenda for Expert Consultation

Consultation on the Reporting and Assurance Frameworks Initiative (RAFI)
Full Day Convening of Expert Stakeholders
New York, May 16, 2014
At the office of Jones Day, 222 East 41st Street, New York, NY 10017

Agenda

9:00 – 9:45 am   **Welcome from Shift & Mazars**
Agenda & Objectives
Opening briefing: Review of project process to date

9:45 – 10:45 am   **Current reporting vis-à-vis the UN Guiding Principles**
The RAFI project team will provide an overview of research into how leading companies are currently reporting against the UN Guiding Principles. Discussion will explore in what ways this might inform the approach to RAFI's reporting framework, in terms of both strengths and weaknesses in current reporting patterns.

10:45 – 11:00 am   *Coffee break*

11:00 – 12:30 pm   **Overview of outline construct for the human rights reporting framework**
The RAFI project team will provide an overview of a proposed outline construct for the reporting framework, followed by discussion of how it might best be developed or adapted.

12:30 –1:15 pm   *Lunch break*

1:15 – 2:45 pm   **Illustrative 'smart questions' for the human rights reporting framework**
The RAFI project team will provide examples of the kinds of 'smart questions' that interview-based research has suggested could usefully be part of the content of the reporting framework, followed by discussion.

2:45 – 3:00 pm   *Coffee break*

3:00 – 4:00 pm   **Lessons learned from existing assurance for the human rights assurance framework**
The RAFI project team will present research on different forms of existing assurance, to feed into a conversation about what lessons

can be offered regarding perceived strengths and weaknesses for the development of RAFI's assurance framework.

4:00 – 4:50 pm   **Other critical issues**
This session will provide an opportunity to return to key issues from the day's discussion that need further debate, or to address new questions that have arisen.

4:50 – 5:00 pm   **Conclusions and next steps**

<u>Annex B: Participant List</u>

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. Ana Blanco, United Nations Global Compact (UNGC)
2. Dan Bross, Microsoft
3. Larry Cata Backer, Penn State University
4. Sarah Dolton-Zborowski, previously PVH Corporation
5. Bennett Freeman, Calvert Investments
6. Mark Jones, ELEVATE
7. Adam Kanzer, Domini Social Investments
8. Jonathan Kaufman, Earth Rights International
9. Katharine Kendrick, NYU
10. Alan Krill, U.S. Department of State
11. Dan Konigsburg, International Corporate Governance Network (ICGN)
12. Brendan LeBlanc, Ernst & Young
13. Steve Lydenberg, Initiative for Responsible Investment at Harvard
14. Rob McGarrah, AFL-CIO
15. Amol Mehra, International Corporate Accountability Roundtable (ICAR)
16. Ariel Meyerstein, U.S. Council for International Business (USCIB)
17. Gerald Pachoud, United Nations
18. David Schilling, Interfaith Center on Corporate Responsibility (ICCR)
19. Val Smith, Citi
20. Irit Tamir, Oxfam America
21. Cynthia Wong, Human Rights Watch (HRW)
22. Jaycee Pribulsky, on behalf of HP

RAFI Project Team
1. Caroline Rees, Shift
2. Beth Holzman, Shift
3. John Sherman, Shift
4. Rachel Davis, Shift
5. Howard Dorman, Mazars
6. Robert Cummings, Mazars
7. Jeff Cascini, Mazars