



## **Report on Corporate Human Rights Benchmark Multi-Stakeholder Consultation in Sao Paulo**

Date: Wednesday 19<sup>th</sup> August 2015

Time: 15.00 – 18.00

Place: Itaú Asset Management

### **1. Opening**

Wagner Guida, the host of the day, opened the meeting welcoming 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. 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 and CHRB's desire to hear everyone's opinion in order to improve the Benchmark. The objective of the meeting was re-iterated: to obtain participants' first impressions on the overarching CHRB framework and if the Benchmark is fit for purpose for all stakeholder constituents. Finally, Giuseppe Van der Helm asked all participants to introduce themselves and state how the benchmark could help participants in their daily work:

- Hope the Benchmark will make companies understand that human rights is an issue
- We advance with benchmarks. The definition of these benchmarks is very important. Easier to have a real assessment of data and improved performance
- Engaged in all ESG information for investors, hardest to argue numbers in S, benchmark will help investors
- Support integrating this theme in our bank
- Moving the conversation from the why to focus more on the how
- How do you translate the result to dialogue and foster different management
- Support better guidelines for business
- Understand the sphere of influence of the benchmark
- Inform the social impact of business and where they work.

### **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, Typhanie de Borne, Senior Research Analyst of Eiris, 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. Finally, participants were familiarised with the online consultation page and shown the list of indicators document.

### 3. Participant Reflections and Questions

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

#### **Questions**

##### Indicators

- What will be the actual difference between a “desirable” and an “essential” indicator?
- Will the notion of the level of influence a company might have with their suppliers, be taken into consideration when evaluating if they have achieved the benchmark?
- The area that the company might have to look for the protection of human rights – like with their suppliers would it be a score 1 or 2? For a company to look into its suppliers would it be essential (E) or desirable (D)?
- What are the human rights due diligence criteria? How were they defined?
- Are you going to look for the existence of business goals related to human rights objectives?
- How is the benchmark going to evaluate the commitment to ILO convention? (Suggested response- if a company is an active member of the UN Global Compact, it means that the CEO committed to the human rights and Labour Principles = ILO Convention).
- Indicator D.1.3. Can lead to the wrong idea that outsourcing fixed term contract and temporary contract is illegal. Major concerns.
- I don't think you can fight against gender discrimination establishing quotas and I had the feeling that indicator D.1.7. is talking about quotas (40% of the Management Board are women).

##### Benchmark process

- Benchmarking will change overtime, as Human Rights are more incorporated in Corporate Responsibility. How will you update your scores?
- How will the information about the adverse impacts/events be selected?
- In relation to adverse events, it was said that the news would be collected by the media – are there plans to create a direct communication channel for the communities affected? If yes, are there plans to be in more languages than English?
- How will this methodology be integrated with existing methods such as GRI?
- Which public information will it take into consideration? If a company is a member of the Global Compact, their report (Communication of Progress) is public and available on UNGC website. It can also be considered under reporting.
- How and who will evaluate the answers? Will there be a committee?
- Will the companies receive any feedback regarding their specific policies and practices?
  
- Are you also going to look for court connections as measuring the adverse events?
- What about the claims on human rights that the companies are accused of?
- How will the process of assessment be performed? Will there be more than one opinion on each score? (Peer reviewing for instance).
- What are the reasons for the scores being made public?
- How are you going to collect the available information in order to score companies
- If 90% of the rating is based on publically available information, aren't we double counting Transparency by giving it additional 10% weighting?
- I would like to understand better how are you going to collect the information and separate what is just marketing and how are you going to work/assess the

information. Is it just an existence or omission criteria or is a qualitative aspect?

- How will you weight the companies in the benchmark? For example, if you have 2 companies (A and B) with a score 100% but one has a higher market cap than another, will you differentiate?
- Many human rights criteria are already incorporated into national laws. Will we force companies to state they “follow the law” or develop a policy saying so to give them a point? E.g. ILO Conventions in the Brazilian constitution.
- I found a weakness to take into account news from websites cause anyone can write anything and the company can be judged in the wrong way.
- The score will make the ranking – is the methodology accurate to categorise per score or is it better for groupings
- How will the benchmark take into consideration different laws and different regulations and level of disclosure? For example in Brazil there are certain obligations in relation to disclosure, which companies have to comply with by law, this could be a lot more than in other countries.

### Scope

- When do you think this benchmark will be applicable to small companies and also open to other sectors?
- After 2018, will the benchmark grow to include small and medium enterprise?
- When do you intend to open this benchmark to government sectors? And other enterprise sectors?
- Even within the same sectors, companies will have different exposures to human rights risks given their geographies or specific strategy/products. How to avoid penalizing companies less exposed who therefore have not developed the best management responses?
- “Sector approach” is broader than the sectorial analysis. Need to make clear the composition of the “sectors”.

### General

- Precision of the methodology versus results expected: can we really rank/benchmark?
- How is the benchmark is intending to influence the various tools related to sustainability? Is there a proactive approach to this?
- Many human rights NGOs and groups are afraid that benchmarks on human rights issues can maybe say a company is doing really well, but in reality they are not. How to avoid this?

## **Impressions**

### General

- Commitment to Human Rights – preventing, mitigating & remedy to adverse impact of business activities
- Review of human rights matters
- It’s a very challenging issue, mainly on the differences inside the company and dealing with geographical different cultures about human rights.
- Concerned with the scoring methodology and would like to know more about it.
- It is great to use the competitive nature of companies, but for the benchmark to succeed it is important that companies understand the importance of the meaning of being at the bottom or the top.

- I think the idea of making companies “compete” is great but it is important to make sure that they have good reasons for not wanting to be on the bottom.
- It should be built on an open, maybe excel based, self-assessment tool so to make any company “measure” itself more easily.
- The project has the capability to play a role of driving regulator and “associations” to put forward/publish Human Rights best practices and agenda.
- Work Hard!
- In Brazil we are used to paternalism policy. So we think this is a beautiful work to show that Human Rights are bigger than that. We are making history!
- The whole proposal and the general logic of the methodology makes a lot of sense
- The framework is clear and very well structured.
- The methodology appears to be sound – but the dialogue step with the assessed companies before the final publication is essential
- The benchmark will establish an important common ground for different actors.
- Challenging! The decision on how to score so many indicators will bring a lot of dilemmas

#### **4. Break out Groups on Broad Critical Issues**

Giuseppe Van Der Helm 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.*

The breakout groups decided to focus on the latter two critical issues.

##### **4.1 Have we covered the top issues in the key sectors?**

Additional Top issues proposed per sector:

###### **Extractive:**

- Child labour
- Sexual exploitation
- Impact on public local infrastructure
- Indigenous peoples should include traditional populations



### **Agriculture linked to Food & Beverage:**

- Health and Agrochemicals contamination on workers and environment
- Labour relations should include working conditions as in Apparel section  
Forced labour and migrant workers

### **Apparel:**

- Labour relations should include temporary and seasonal work, health and safety and immigrant workers rights
- Safety hazards should go beyond fire and include infrastructure

General: Ethical and Transparent relations with public actors and governments.

## **4.2 Is the benchmark fit for purpose (for all stakeholders)**

- Will policy makers (regulators) read/ access use the benchmark? The benchmark must dialogue with all stakeholders
- Investors are the most important stakeholders (\$\$) for companies and governments
- The benchmark clarifies what are human rights in a language that is familiar for companies
- The benchmark is an instrument for civil society to pressure companies
- Some business activities will always have adverse impacts for human rights (e.g. Mining)
- Companies deal with risk pricing. How does the benchmark address this issue?

The benchmark fits all stakeholders, but would we would recommend the following to strengthen the Benchmark:

- Evolve with the language of your stakeholder groups. How can you treat the information so it means something to all the stakeholders.

Focus as a tool for the INVESTORS and then bring in other stakeholders. Trying to cover all the stakeholders might not be possible and difficult to find a common language.

Geographies (face the issue as trans nationals) reconsider as a lens to use

Choosing companies financial market indices – BOVESPA SMP 500

Review the current ranking structure of numerically ranked one by one. Interesting to think of ranking by clusters, i.e. ICE. Start this way with a good categorisation of bronze, silver and gold – get some feedback and improve this. Higher certainty in this being correct and being more political, as the benchmark is dependent on proxies and public information and small scale of metrics that could have a margin of error.

## **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 Sao Paulo**

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### **1. Host Welcome – Itaú**

5 Min

### **2. Welcome, objective of today's session and tour de table**

Giuseppe van Der Helm

### **3. Presentation on the general framework of the CHRB**

Vicky Dodman & Typhanie de Borne

*Link to Overview materials sent in advance and detailed presentation*

### **4. Overarching impressions & Q&A from participants: getting initial buy-in**

*facilitated by Giuseppe van der Helm*

### **5. Break out sessions on broad critical issues**

Facilitated by Vicky Dodman

Primary Questions

- **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**

Giuseppe van der Helm

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

Vicky Dodman

### **8. Final Remarks**

Giuseppe van der Helm

## **Attendee List**

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<b>Surname</b>	<b>First Name</b>	<b>Organisation</b>
		Iprejun - Regime Proprio de Previdencia Social
Arilha Silva	Marina	
Assali	Tatiana	UNPRI
Belinsky	Aron	FGV – GVCes (ISE) FGV - Grupo de Direitos Humanos e Empresas
Bergues	Martina	
Guida	Wagner	Fundação Itau Unibanco
	Larissa	Confederação Nacional da Indústria (IOE)
Guimaraes Leston	Nascente	FGV - Grupo de Direitos Humanos e Empresas
Hojaij	Tamara	
Mac Dowell	Alexandre	ABRAPS
Malta	Fernando	CEBDS
Monteferrario Leite	Ana Lygia	Itau Asset Management
Nascimento	Manoella	Fundacao Getulio Vargas
Neiva	Julia Mello	BHRRC
Nogueira	Denise	Banco Itau (Sustainability Dept)
Pimentel	Gustavo	SITAWI – Finance for Good FGV - Grupo de Direitos Humanos e Empresas
Poppovic	Malak	
		Iprejun - Regime Proprio de Previdencia Social
Rocha Marinho	André	
Salla	Ana Leticia	Instituto Ethos
Silva	Graziela	GIFE
Tarantini	Vanessa	UNDP
Treu	Guilherme	Fundação Itau Unibanco
		Iprejun - Regime Proprio de Previdencia Social
Urbano dos Santos	Eudis	
Werneck	Eduardo	APIMEC
Van der Helm	Giuseppe	VBDO
De Borne	Typhaine	EIRIS
Dodman	Vicky	Corporate Human Rights Benchmark