The Reporting and Assurance Frameworks Initiative (RAFI)

Meeting of the Eminent Persons Group
June 17, 2015
Summary Report

A meeting by conference call of the Eminent Persons Group (EPG) of the Reporting and Assurance Frameworks Initiative (RAFI) took place on 17 June 2015. The following report provides a summary of the discussions. For more on the UN Guiding Principles Reporting Framework, please visit www.UNGPreporting.org and for further information on the process of its development, please visit the RAFI portal.

Participants

Participating EPG members:

1. Neil Stevenson, Managing Director, Global Implementation, International Integrated Reporting Council (IIRC)
2. Richard Martin, Head of Corporate Reporting, Association of Chartered Certified Accountants (ACCA)
3. Peter Herbel - Former Senior Vice President and General Counsel, Total S.A.
4. Michelle Staggs Kelsall - Deputy, Human Rights Resource Centre (for ASEAN)

Participating project team members:

- Shift: Caroline Rees, Anna Triponel
- Mazars: Richard Karmel

Human Rights Assurance Discussion

The project team summarized discussions from two expert roundtables convened in London and New York in June 2015 to explore assurance of the information prepared by companies under the UN Guiding Principles Reporting Framework. Key themes from these two expert roundtables, as well as the key takeaways for the RAFI project team, are summarized in the following documents:

- RAFI London Human Rights Assurance Consultation, June 5 2015
- RAFI New York Human Rights Assurance Consultation, June 12 2015
- RAFI Human Rights Assurance Takeaways, June 2015

EPG members welcomed the expert conversations that had taken place. They confirmed the need for assurance to be of value not just for investors and other stakeholders but also for companies' internal management. Participants emphasized that guidance on assurance should assist internal management and the audit function to take ownership of, and improve, the implementation of the policies and processes called for by the UN Guiding Principles. They encouraged the project team to engage further with internal

auditors and their associations to gain further insights on what would be helpful in this regard.

EPG members noted the value of recognizing the distinctions between assurance of actual performance and assurance of the quality of disclosure. These are two separate components: a company can report well on doing badly or badly on doing well.

It was suggested that the planned guidance should provide further clarity in particular on how a company's process for identifying salient human rights issues should be assured. It was noted that the effectiveness of processes would be more difficult to ascertain where these played out remotely, such as in the supply chain, and that the guidance should provide some further clarity on this as well.

The conversation also highlighted the relevance of the EU non-financial reporting directive as it is transposed into national laws. The directive provides that statutory auditors and audit firms must check that the non-financial statement has been provided, but EU Member States can also choose to require that the information included in the non-financial statement is verified by an independent assurance provider. These conversations on assurance of non-financial information are taking place this year in Member States.

UN Guiding Principles Reporting Framework

The RAFI project team provided an update on the UN Guiding Principles Reporting Framework, which is summarized in Shift's Update on the Reporting Framework. The team also provided an overview of some preliminary takeaways from the early adopter companies using the Reporting Framework. These will be captured more fully in a first summary of lessons learned to be published later in the summer. The team also summarized some insights and advice gathered from investors regarding the need to build the market for good human rights reporting.

The EPG members welcomed the progress made in reaching out to various audiences to discuss the UNGP Reporting Framework as well as the work with the early adopter companies. They discussed how the concept of salience was being taken up by various audiences. Discussion focused on the role of salience in giving companies a rigorous method to identify which human rights are relevant for disclosure, through a focus on the highest risks to people. It was proposed that concept of salience should be described further to a range of audiences. The project team noted that a Q&A was under development and would shortly be put on the website (UNGPreporting.org).

EPG members also welcomed the idea of providing further clarity for readers of reports on what constitutes good human rights reporting. EPG members urged the RAFI project team to find ways of capturing the benefits for companies of more open and transparent disclosure: for instance, capturing instances where a public trust crisis was averted or where the process of improving disclosure drove improvements in performance, which avoided certain human rights impacts.

Next Steps

The next EPG meeting will take place on September 29 in Southeast Asia. In the meantime, the RAFI project team will continue to work to embed the UN Guiding Principles Reporting Framework into practice in partnership with companies, investors, civil society and government. The project team will also begin drafting sections of the assurance guidance for review and feedback in multi-stakeholder consultations in September and October.