

**THE BUSINESS AND HUMAN RIGHTS
REPORTING AND ASSURANCE FRAMEWORKS INITIATIVE (“RAFI”)**

Project Framing Document

OCTOBER 2013

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A. INTRODUCTION

This document sets out the background and process for a recently-launched project to develop public reporting and assurance frameworks based on the UN Guiding Principles on Business and Human Rights. The project is facilitated by Shift and Mazars in liaison with the Human Rights Resource Centre for ASEAN (the “project team”). It is supported by the UN Working Group on Business and Human Rights.¹

In May 2013, the project team issued a discussion paper that recognized a range of challenges the project would have to tackle, with some ideas and questions on how they might be approached.² It invited comments from all stakeholders during a two-month period, which was then extended for a further two months in light of the levels of interest.

Over thirty-five sets of comments were submitted in response, from individuals, organisations, and associations that collectively represent many thousands of members. Wherever those who submitted comments agreed to have them shared publicly, they are posted on the website of the Human Rights Resource Centre for ASEAN³ and the Business and Human Rights Resource Centre.⁴ The period for responses to the discussion paper ended on 1 September, and the issues raised – both publicly and privately – will provide the foundation for consultations going forward.

The project team is grateful for all the feedback it has received. In August 2013, the project team issued an initial response to comments received to date. That response document summarized the themes emerging from those comments; provided some preliminary responses; and highlighted priority issues for on-going consultation. This response document was updated in October 2013 to reproduce those same points together with additional issues that were raised in the second half of the consultation period.⁵

The project team has taken note of this valuable feedback which has informed plans for the project going forward. As the project now moves towards the start of its substantive phases, this document aims to:

- Recap the rationale for the project;
- Summarize the project’s vision and objectives;
- Position the project in the wider context of other initiatives and developments; and
- Describe the processes envisaged for consultation and collaboration.

¹ For further information on the UN Working Group’s engagement with this project, see <http://shiftproject.org/sites/default/files/UN%20Working%20Group%20Support%20for%20RAFI.pdf>.

² <http://business-humanrights.org/media/documents/developing-global-standards-discussion-paper.pdf>.

³ <http://hrrca.org/business-and-human-rights>.

⁴ <http://www.business-humanrights.org/Documents/RAFI>.

⁵ <http://business-humanrights.org/media/documents/summary-of-points-raised-oct-2013.pdf>

B. PROJECT RATIONALE

The UN Guiding Principles on Business and Human Rights were unanimously endorsed by the UN Human Rights Council in June 2011 and constitute the authoritative global reference point with regard to business and human rights. They address:

- The **state duty to protect** human rights against abuse by third parties, including business, through appropriate policies, legislation, regulations and adjudication;
- The **corporate responsibility to respect** human rights, meaning to act with due diligence to avoid infringing on the rights of others and address adverse impacts with which they are involved; and
- The need for greater **access by victims to effective remedy**, both judicial and non-judicial.

One of the major and widely-recognised contributions of the UN Guiding Principles has been to provide clarity and predictability with regard to companies' baseline responsibilities for human rights. They have driven convergence across the international arena, and today are mirrored in the OECD's Guidelines for Multinational Enterprises; reflected in the ISO 26000 standard on social responsibility and the IFC's Performance Standards; and underpin the European Commission's 2011 Corporate Social Responsibility ("CSR") Communication. This convergence has in turn facilitated their widespread and growing uptake by governments, companies and other organisations around the world over the two years since their endorsement by the UN.

Today, there are a growing number of regulatory and other requirements for companies to report on their human rights performance. Many of these cite the UN Guiding Principles as a key reference point for reporting. At the same time, more and more investors and other stakeholders are seeking transparency from companies on how they are implementing the UN Guiding Principles. Shift's update to the Corporate Law Project initiated under John Ruggie's mandate as Special Representative of the Secretary-General for Business and Human Rights sets out a range of the regulatory, stock exchange and investor initiatives that underpin this dynamic. Moreover, companies are increasingly taking their own initiative to explore how they can better report against the Guiding Principles. UN Guiding Principle 21 itself provides that at least those companies whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them.

While the accelerating trend in requirements and requests for reporting on human rights is clear, the beginnings of a similar dynamic can be seen with regard to auditing or assurance. In the first instance, the internal audit functions in companies that have recognised their responsibility to respect human rights through a policy commitment are turning their attention to how these commitments are embedded. Many are looking for tools to assess their own internal human rights risk management processes. Some

companies are now also starting to look for external assurance of their human rights reporting, often in conjunction with other areas of their sustainability performance.

As these dynamics develop, the inevitable question arises as to what good reporting on company alignment with the UN Guiding Principles - and good assurance of such reports - should involve. Some existing reporting standards offer a number of human rights-related indicators – notably the Global Reporting Initiative’s new G4 framework. So do various social audit protocols and sustainability assurance standards. And some industry or issue-specific initiatives have developed more detailed indicators in those focal areas. However, none of these initiatives, alone or in combination, cover the breadth of a company’s responsibility to respect human rights as set out in the UN Guiding Principles.

This creates a risk to the clarity, predictability and global convergence that the UN Guiding Principles have fostered regarding companies’ baseline responsibility for human rights. Without a widely-accepted framework for reporting company implementation of the Guiding Principles, and a parallel framework for assuring such reports, we can expect to see a proliferation of interpretations in practice. Reports and audits will become highly divergent in their reflection of the Guiding Principles. This will undermine the ability of the Guiding Principles to continue to drive improvements in practice, which in turn will be to the detriment of human rights, society and business. It is this gap that this project seeks to address.

C. PROJECT VISION AND OBJECTIVES

This project aims to address the gap described above by developing a twin set of public frameworks for reporting and assurance in this field. It will develop such frameworks through an open, consultative and collaborative process with the full range of interested stakeholder groups over a period of two to three years. The objective is that these frameworks should become widely-accepted reference points for reporting and assurance with regard to human rights. As such, they should be of use to companies, auditors and assurance providers, shareholders and other stakeholders.

This project has its genesis within the Association of Southeast Asian Nations (ASEAN) region, and expertise and experience from that region will be a significant driver in the project’s development. In parallel, global consultations are critical for ensuring that the frameworks developed are universally relevant and viable. Section E sets out further details on the types of consultation envisaged during the project’s process. In addition, it is intended that the emerging frameworks be piloted by companies, in ASEAN as well as other regions, in the later stages of the project’s development.

The proposed frameworks will be public, meaning that they will be non-proprietary and publicly available to all companies and assurance providers to use in their work. They are intended to be global in that they should be relevant to, and viable for, companies and auditors/assurance providers in any region.

Once the frameworks are completed, it is envisaged that they will be owned and overseen by one or more independent global standards bodies – whether existing bodies or new bodies established for this purpose. Such bodies would have responsibility for providing appropriate governance and determining any future evolution in the frameworks to reflect learning from their application. Options for future governance of the frameworks will be included in the project’s consultation processes.

It is envisaged that the frameworks that result from this project may be used in a variety of ways. For instance:

- Companies may use the reporting framework to issue periodic human rights reports, while others may use it to formalize their reporting on human rights in annual or sustainability disclosure;
- Companies’ internal auditors may use the assurance framework to guide their work as they audit how the company meets its commitment to respect human rights, and, of course, some companies may seek external assurance;
- External assurance providers may use the frameworks to guide their work when assuring companies’ reporting on human rights and the UN Guiding Principles;
- Investors, civil society organizations and other stakeholders may use the frameworks to review companies’ human rights reporting and gain greater clarity on how companies anticipate and react to human rights challenges.

The various ways in which the frameworks can or should be used will form part of the consultation process.

It is important to note that this project does not propose to – and has no capacity or mandate to – produce binding standards. It will be up to companies and other organizations to decide whether the frameworks developed are sufficiently useful to be integrated into their own work.

D. PROJECT CONTEXT

Many individuals providing feedback in discussions about this project have highlighted the variety of existing initiatives in the field – particularly with regard to sustainability reporting. In addition, a number of individuals from companies have emphasized that while on the one hand they see the project’s potential to add real value, on the other hand they cannot work with parallel reporting systems. Others have also underscored the movement towards integrated reporting and asked how this project would be part of that.

The project team is committed to ensuring that the project adds value to existing processes and initiatives. We are very pleased to be collaborating with the Global Reporting Initiative, who are represented on our Eminent Persons Group. This will help ensure that the results of this project build upon and dovetail with the G4 standard as it relates to human rights. We are also delighted to have the CEO of the International Integrated Reporting Council on the Eminent Persons Group. We will be liaising closely with that initiative to understand how we can ensure synergies. We are also in contact

with the Sustainability Accounting Standards Board in the U.S., whose Advisory Council includes both a member of our Eminent Persons Group and a member of the Shift team. Our aim will be to ensure complementarity with existing initiatives wherever possible.

Other feedback from stakeholders has emphasized the work done through a variety of sector- or issue-specific initiatives with regard to human rights reporting and assurance. Those mentioned include the Global Network Initiative, the Voluntary Principles on Security and Human Rights, the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, the International Council of Mining and Metals and the Global Social Compliance Programme. It is not the intention of the project to supersede these initiatives. Moreover, it is envisaged that this framework project on reporting will provide clarity and consistency for alignment with the Guiding Principles across all industries.

The project team wishes to learn from these and other organisations with experience in developing and implementing standards, benchmarks, indicators, frameworks or processes that could be relevant to this project. Stakeholder consultations will provide an opportunity to discuss these and other initiatives, from whose learning this project can benefit.

E. PROPOSED PROCESS

Project Team

The project team consists of Shift, Mazars and the Human Rights Resource Centre for ASEAN. The project team will conduct research, liaise with all interested stakeholders, facilitate consultations, produce public reports from those consultations – including key issues and emerging ideas or proposals – and help advance the process of drafting the proposed frameworks.

Eminent Persons Group

The project will be overseen and steered by an Eminent Persons Group (“EPG”), which is in the final stages of being constituted. This body will consist of senior executives and leaders from a broad range of stakeholder backgrounds, globally and in ASEAN. It will provide strategic oversight of the project's process and substance and advice on its overall direction. The group will meet every six months and be engaged by email and phone between meetings.

The EPG is chaired by Marzuki Darusman, Executive Director of the Human Rights Resource Centre for ASEAN, UN Special Rapporteur on human rights in North Korea and former Attorney-General of Indonesia. The EPG currently comprises 16 members, including Professor John Ruggie, author of the UN Guiding Principles on Business and Human rights and Shift's Chair. A copy of the list of current EPG members is attached to this document as [Annex A](#) and will be updated as the group expands to take on additional representation.

The project team has welcomed the active engagement of many stakeholder groups and commentators in this project's early stages and is committed to wide, deep, and collaborative consultation with stakeholders from all relevant backgrounds to shape the project going forward. Current plans for consultation and engagement include:

- 1. Stakeholder group webinars:** Webinars with the members of specific stakeholder organisations who wish to engage with the project collectively to discuss particular issues and developments.
- 2. Bilateral engagement:** Bilateral calls and emails with key organisations and other interested parties with expert insights to offer.
- 3. Multi-stakeholder expert meetings:** Small, expert, multi-stakeholder groups that will meet periodically in person for in-depth discussions on the frameworks and challenging issues. These groups would include representatives from business (both CSR and internal audit departments), audit firms and assurance providers, investors, government, trade unions, civil society organizations, academia, reporting initiatives, standards bodies and the legal profession. We envisage three such groups, meeting periodically in Europe, North America and the ASEAN region.
- 4. ASEAN in-person consultations:** Continuing consultations, at least every 6 months, with government, business and civil society, as well as audit and reporting experts, in countries of the ASEAN region.
- 5. Other regional consultations:** Periodic consultations in other regions, when opportunities arise, in order to further raise awareness of the project and seek general feedback on its development. For instance, an initial consultation on the project was held in Medellín, Colombia on 30 August 2013, during the UN Working Group's regional consultation on business and human rights in Latin American and the Caribbean.
- 6. On-line engagement:** Updating all interested observers on the project's developments, including the outcomes of key meetings or consultations, and seeking their feedback on-line. This will be done primarily through the Human Rights Resource Centre for ASEAN⁶ and the Business and Human Rights Resource Centre⁷ websites.

F. CONCLUSION

As requirements and requests for company reporting on their human rights performance increase, there is an opportunity to preserve the clarity, predictability and global convergence that the UN Guiding Principles have brought to this arena. To do so requires the development of widely-accepted frameworks for reporting and assurance that both address the full breadth of the corporate responsibility to respect human rights and dovetail with existing reporting initiatives. Such frameworks must be meaningful for stakeholders and viable for companies and assurance providers if they are to gain support.

⁶ <http://hrrca.org/business-and-human-rights>.

⁷ <http://www.business-humanrights.org/Documents/RAFI>.

Achieving this goal will require deep and broad consultations with all relevant stakeholder groups.

The project team is extremely grateful to all stakeholders who have taken the time to provide comments, feedback and information on human rights reporting and assurance; and looks forward to engaging further with a wide range of individuals and organizations. Please feel free to contact Anna Triponel at Shift (anna.triponel@shiftproject.org) or Bahtiar Manurung at Mazars (bahtiar@mazars.co.id) with further comments and suggestions for consultation and engagement on this project moving forward.

ANNEX A

The Human Rights Reporting and Assurance Frameworks Initiative (RAFI)

Eminent Persons Group as of October 2013

Number	Person; Organization
1	Helen Brand Chief Executive Officer of the Association of Chartered Certified Accountants
2	Marzuki Darusman Executive Director of the Human Rights Resource Centre for ASEAN; UN Special Rapporteur on the situation in North Korea
3	Rafendi Djamin Indonesian Representative to the ASEAN Intergovernmental Commission on Human Rights
4	Paul Druckman Chief Executive Officer of the International Integrated Reporting Committee
5	Teresa Fogelberg Deputy Chief Executive at the Global Reporting Initiative
6	Peter Herbel Senior Vice-President and General Counsel of Total
7	Adam Kanzer Managing Director and General Counsel of Domini Social Investments
8	Pak Makarim Wibisono Executive Director of the ASEAN Foundation
9	Colin Melvin Chief Executive Officer of Hermes Equity Ownership Services Ltd.
10	Tun Musa bin Hitam Chairman of United Malayan Land Berhad and Lion Industries Corporation Berhad
11	Roel Nieuwenkamp Chair of the OECD Working Party on Responsible Business Conduct
12	Christopher Ng Regional Secretary of UNI Apro
13	Gro Nystuen Member of Ethical Council of The Government Pension Fund of Norway
14	John Ruggie Chair of Shift's Board and former Special Representative of the UN Secretary-General on human rights and transnational corporations and other business enterprises
15	Mr. Pavel Sulyandziga Chair of the UN Working Group on Business and Human Rights Alternate: Alexandra Guaqueta
16	Thomas Thomas Chief Executive Officer of the ASEAN CSR Network