

15 July 2013
Alan Fine

Dear Caroline and Anna,

Apologies for this late response. I hope these comments are nonetheless of some use.

- 1) A sensible framework for reporting on human rights is without doubt necessary. Having started a human rights section of AGA's annual sustainability report some years ago, the output has always seemed lacking in a number of ways. It is very good that thought is going to be put into this issue now.
- 2) That said, I think this work is going to have to take greater account than the document does of how human rights reporting is going to be integrated into existing sustainability and integrated reporting. There is quite some "reporting standards fatigue" out there in the world of non-financial reporting (and also in the world of financial reporting, but that is another issue). For example, the company I work for already reports against GRI, the ICMM principles, the UNGC, the Responsible Jewellery Council standards. I know the paper contemplates the possibility of human rights reporting complementing other reporting, but more work on how that might be done would be useful – even necessary. This is particularly because these do already cover some of the issues the paper refers to.
- 3) It would be helpful to hear why the consultation process would be limited to ASEAN countries. Presumably that is to make it more manageable. But there is then the danger of a very limited focus and geographic area of buy-in, along with the possibility that the outcomes would be limited to the experiences of that region.
- 4) You are correct (pg 8) that many companies' sustainability reports are in fact disingenuous public relations documents. However, that doesn't address the question of how these same companies might be persuaded to follow the reporting and assurance standards you are developing. One aspect of the paper which could give rise to the same tendency is the suggestion that companies could limit the statement to "certain aspects of their operations".
- 5) The last blob on page 9 (the continuous improvement approach) may prove to be difficult to "sell" to some constituencies, given that human rights are supposed to be inalienable etc. However, I suspect those constituencies are failing to understand the point of tracking performance to ensure continuous improvement, and you should maintain that approach. Of course, even those that achieve continuous improvement should not use that achievement to imply that the residual adverse impacts are justifiable.
- 6) The assurance standards raises many tough issues. The nature of assurance being proposed requires deep and specialist knowledge, so it is difficult to contemplate assurance providers not being certified. At the same time, such a certification regime, which would need to be maintained over time, would be extremely onerous and expensive. The RJC standards require it (<http://www.responsiblejewellery.com/auditors/>), but that made RJC membership for companies very expensive. That is a significant limiting factor on its spread and

influence. In addition, if companies are to have to hire varied assurance providers for different aspects of their sustainability reporting, that too would be problematic. I don't have answers to these issues, but they will need to be rigorously examined.

There are doubtless many other issues worth raising, but I hope these help. I look forward to continuing this dialogue.

Regards,
Alan