

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

Full-Day Convening of Expert Stakeholders in New York on October 23, 2013

### **CONSULTATION REPORT**

On 23 October 2013, a one-day expert consultation took place in New York to discuss the development of a twin set of public frameworks for companies to report on how they meet their responsibility to respect human rights, and to have this report assured by an external party. The Reporting and Assurance Frameworks Initiative (“RAFI”) was established in 2013 by the project partners Shift, Mazars and the Human Rights Resource Centre for ASEAN to facilitate this effort through an open, consultative and collaborative process with a full range of interested stakeholder groups. 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. 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.<sup>1</sup>

The New York consultation involved a cross-section of representatives working in companies, trade unions, non-governmental organizations, government, audit and assurance providers, investors, and academia. They included individuals and organizations that had expressed skepticism about RAFI in earlier written consultations. All participants took part in their personal capacities and not on behalf of their organizations. 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. Annex B lists the participants. Similar in-depth expert consultations took place in London in October 2013 and in Jakarta in November 2013. The full reports for these consultations are available on the initiative’s portal.<sup>2</sup>

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

<sup>2</sup> RAFI Portal, available at <http://www.business-humanrights.org/Documents/RAFI#127250>

Recognizing the growth in non-financial reporting over the past decade, the aim of the consultation was to obtain views, through a dynamic conversation among a range of expert stakeholders, regarding the appropriate foundations for establishing reporting and assurance frameworks in the area of business and human rights.

The consultation was divided into six sessions. An introductory session to hear from stakeholders the opportunities and challenges they see for the project was followed by four substantive sessions to discuss (a) the project's general proposition to develop the frameworks, its context and its potential to add value; (b) the question of materiality in the context of human rights reporting; (c) the balance to be struck between reporting on processes and reporting on outcomes or "actual impacts"; and (d) the question of assurance of these reports, lessons from other forms of assurance and issues of competence to provide assurance in the human rights arena. The final session provided an opportunity to revisit additional issues that had arisen during discussions but warranted further attention.

### *Identifying Opportunities and Challenges*

In the opening session, participants were invited to share their initial perspectives on the key opportunities and challenges for RAFI. It was recognized that some opportunities also contained potential challenges, and challenges may also reflect opportunities.

#### **OPPORTUNITIES**

**1. Drive convergence and strengthen existing initiatives:** the lack of clarity as to what good human rights reporting looks like was underlined, along with the need for a common reporting framework that could reinforce convergence around the UN Guiding Principles (UNGPs). Various participants saw particular strengths in building a framework around the UNGPs, and suggested that they provide a solid and unique foundation for such an initiative.

**2. Improve the quality of human rights reporting:** current reporting regimes typically focus on compliance results. While compliance and quantitative reporting are relevant, this sole focus was seen to have limited the opportunity for reporting initiatives to drive improved performance.

**3. Create a consistent, clear and comparable format for companies to report their human rights performance:** this was seen as important to enable shareholders and other stakeholders to drive their own discussions with companies in ways that could contribute to improved performance.

**4. Improve corporations' internal processes for managing human rights risks and impacts:** recognizing that many companies are in the early stages of determining how to align their policies, programs, and processes with the UNGPs, a reporting framework could help them evaluate their progress by focusing them on some key questions to which they should have robust answers, including in relation to human rights due diligence.

**5. Be relevant for all stakeholders:** RAFI can focus attention on incorporating the perspectives of affected stakeholders, and recognizing affected stakeholders as possible users of publicly reported information. At the same time, RAFI can be useful to investors, who currently lack means for effectively comparing companies' alignment with the UNGPs.

**6. Learn from the weaknesses of current frameworks in related areas, and build on their strengths:** clear opportunities were identified to re-envision good reporting and assurance by learning from the best of what works, rather than just replicating weaknesses in current approaches.

**7. Engage governments:** The absence of government from the development of many reporting processes and from discussions on how they are implemented was both underlined and seen as an opportunity for RAFI, not least in connection with some states' National Action Plans to implement the UNGPs.

**8. Provide for effective assurance:** Some participants underlined that the idea of an assurance framework in parallel with a reporting framework was an important and unique feature of this project and, if done well, could add value.

#### **CHALLENGES:**

**1. Proliferation of reporting initiatives:** creating a new framework could add to the current proliferation of reporting protocols, and increase confusion (and burden) for companies, without adding value.

**2. Intended use of the UNGPs as suitable base for a reporting framework:** some participants expressed concern that the UNGPs were too broad and not actionable enough; others underlined that the UNGPs should serve as a floor, not a ceiling, with regard to expectations of both company actions and their reporting.

**3. Potential undermining of industry-specific initiatives that are designed to develop more granular standards and KPIs:** this was a particular concern of some participants who highlighted a risk of cutting across more tailored, sectoral initiatives that would be able to be more specific in KPIs than a global framework could be.

**4. Need to avoid a “one size fits all” or “check box” approach:** there will be inherent challenges in developing a broadly-applicable framework that neither ignores variations between sectors and contexts nor produces excessively generalized reporting, divorced from on-the-ground realities. A further challenge is how a single framework can engage both “leaders” and “laggards” in improving the quality and outputs of corporate human rights reporting.

**5. Risk of “cherry-picking”:** various participants noted that reports will not be meaningful if they “cherry pick” human rights issues for inclusion.

**6. Appropriate types of data:** some participants cautioned that while creating uniform indicators may result in a very quantified framework, this may not be the most effective means for demonstrating how well a company is embedding the UNGPs into core business activities. Similarly, the drive towards a credible assurance process may skew the framework to focus on more quantitative indicators, but these metrics may not adequately address a company’s most salient human rights risks or the effectiveness of its processes.

**7. Need to ensure effective stakeholder engagement:** this challenge related to all levels of the project – how stakeholder groups are involved in the process to develop the frameworks; how the need for stakeholder engagement by companies is reflected in the reporting framework; and how the need for assurance providers to engage stakeholder is reflected in the assurance framework.

**8. Accountability for assurance:** the need for accountability structures to ensure that assurance providers for human rights reporting are qualified to evaluate performance and processes as expected under the UNGPs.

Each of the following four sections reflects discussions during the substantive sessions of the workshop. The boxes at the start of each section summarize the project team’s initial overview of some foundational issues and questions, as well as key feedback previously received from stakeholders. The remainder of each section aims to capture in broad terms the main points made during discussions. Where views diverge, the report does not seek to draw conclusions, but merely to convey the debate.

### ***Critical issue #1: The Project Proposition***

#### ***Overview from RAFI project team on the project proposition:***

*Despite growing requirements and calls for reporting on human rights with reference to the UNGPs, no holistic framework yet exists to define what good reporting would look like with regard to the corporate Responsibility to Respect. RAFI aims to fill this gap. In doing so, RAFI’s objective is to protect the clarity and convergence provided by the*

*UNGPs, while still allowing for an evolving understanding of their application in different sectors/areas. RAFI also aims to ensure that the frameworks developed will have broad buy-in; will be freely available, widely used and referenced; and can ultimately be owned by independent organizations that can provide for their oversight and evolution over time.*

*The initiative now refers to reporting and assurance **frameworks**, rather than reporting and assurance standards. This change responds to feedback from stakeholders who were concerned about the binding and “tick-box” connotation of the term ‘standards’. The reporting framework would not necessarily imply a separate human rights report. It is much more likely to be used for reporting on human rights within an annual or sustainability report. The aim is that a human rights reporting framework should be both viable for companies and meaningful for stakeholders.*

*In the lead up to these expert consultations, the project team received feedback on its discussion paper regarding the need for frameworks to dovetail with other reporting initiatives, such as the Global Reporting Initiative (“GRI”) and the work of the International Integrated Reporting Council (“IIRC”). The project team is pleased to have representatives from GRI and the IIRC on RAFI’s Eminent Persons Group that oversees the project, and will continue to work with these organizations, and others, to ensure RAFI dovetails with them to the greatest extent possible*

*Feedback from stakeholders has also highlighted the importance of building on other business and human rights initiatives that are developing indicators and assurance processes, including those developed under the Global Network Initiative and the OECD’s Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as ongoing work on the Voluntary Principles on Security and Human Rights. Additionally, the project team will seek to learn from the strengths and weaknesses of existing assurance and audit approaches, including in the financial, sustainability, and social auditing fields - including limitations on the transferability of these approaches to the human rights arena.*

**RAFI should define the “floor” for what good reporting looks like, in order not to risk the broad consensus built through the development of the UNGPs.** One participant was concerned that RAFI might undermine the space for sector-specific due diligence standards to be developed by and with leading companies. This risk was echoed by some others, while a number of participants suggested that these focused initiatives could offer more of a “ceiling” for reporting metrics as they evolve over time, and be compatible with an overarching framework of wider applicability. The conversation pointed to both merits and challenges in advancing a single, overarching reporting framework.

**A framework could usefully elicit information on how companies embed respect for human rights in their operations.** Some participants saw clear benefits in a framework that measures how companies are embedding the UNGPs into management systems and suggested RAFI should include metrics for reporting on strategy development and accountability structures for human rights.

**It will be important to encompass action at both the corporate and operational levels.** One participant underlined the strengths of reporting as a means for stakeholders, including shareholders, to gain a clear picture of a company's priorities and actions regarding its responsibility to respect human rights. At the same time, this raised some key questions about how far commitment at the top of a company permeates down to achieve practical change on the ground where it (or its supply chain) operates. A further question was how workers and communities themselves might be involved in the development of tailored metrics at the operational level.

**RAFI could fill a relevant gap in reporting initiatives.** Investors and reporting experts pointed to evolving legislation and shareholder pressures for improved human rights reporting, not least in the US, such as the creation of the Sustainability Accounting Standards Board (SASB) and new reporting requirements from the Security & Exchange Commission related to Dodd Frank, CEO to median worker pay, and conflict minerals. They recommended that RAFI not focus on a creating "perfect framework," as this could be the enemy of creating much needed near-term improvements in human rights reporting.

**The reporting framework should have broad applicability.** At the same time, some business participants noted that many of their competitors are not currently reporting at all, and expressed concern that leading companies may be penalized for disclosing more information than is required. Some urged that any frameworks should also be applicable to small and medium-sized enterprises and to companies from emerging economies.

**Reporting should not be an end in itself.** Rather, the reporting framework should drive improved understanding of how effectively human rights are being integrated into company's management systems, with room for company disclosure to be tailored to circumstances. One participant proposed that companies should report how human rights are factored into scenario planning, and thereby included in strategic management processes that reflect the often changing nature of business operations and operating contexts. This was seen as a way to ensure salient risks and impacts are integrated into a company in a flexible and relevant manner.

**The frameworks should avoid driving disclosure to the lowest common denominator, and prevent cherry-picking of more favorable or easier issues for reporting.** For example, it was noted that companies operating in the garment sector in Bangladesh should report on building safety; for ICT companies, privacy should be a key issue that

companies report with regard to their impacts as well as management systems. Any framework should point companies towards these issues whether explicitly or through the application of relevant criteria.

**A recurrent theme in the discussion underscored the proposition that the most meaningful corporate reports may not focus exclusively on specific data points.** Rather, asking meaningful questions was seen as a valid and valuable way to illuminate how companies approach human rights within their implementation processes. This will ensure stakeholders can best understand companies' integration intentions, progress, and accomplishments.

### **Critical issue #2: Materiality with a Human Rights Lens**

#### **Overview from RAFI project team on materiality with a human rights lens:**

*The UN Guiding Principles focus on risks to rights-holders, and the importance of taking into account the perspectives of those who may be directly affected by companies' actions. This approach must inform any discussion of materiality with regard to human rights reporting, albeit the concept of materiality is rooted in an investor-facing analysis. GRI broadens the definition, by noting that materiality includes those areas that reflect the company's significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders. At the same time, there may be other words and concepts ('salience', 'significance', 'importance') that have a place alongside materiality in this discussion.*

*To date, the project team has heard feedback from various stakeholders in relation to the issue of materiality. On the one hand, companies are concerned that that they need to focus reporting on relevant parts of their business activities if it is not to become overwhelming. On the other hand, civil society organizations are concerned that companies may selectively focus on those parts of their business that it is easiest to discuss or where they can showcase successes, rather than focusing where the greatest risks to human rights exist.*

*During a workshop that Shift facilitated as part of the UN Working Group's Latin American and Caribbean regional consultation in Medellin, many stakeholders shared the view that RAFI should ensure companies report on areas of business operations with the greatest risk to human rights, and/or on the most salient risks to affected stakeholders.*

**The term materiality may not be a helpful one to work with.** It was suggested that in some cases a focus on this term does little to advance conversation about what it is important for companies to report, since it often becomes a barrier to asking relevant questions. Views of what is material will change over time for the "reasonable investor"

and therefore definitions of materiality should not focus only on quantitative evaluation. A couple of participants noted that even where issues don't or won't affect stock prices (including cases as catastrophic as Massey Energy and Rana Plaza), human rights information may shape shareholder voting decisions.

**It may be more useful to focus the framework on what it is most important/significant/salient for a company to report.** This proposition drew broad support. One participant suggested that if the reporting framework did this well, it could help readers understand and test the integrity of a company's response to their responsibility to respect human rights.

**Human rights reporting should not take a purely investor-facing view of materiality, but should be informed by the perspective of potentially affected stakeholders,** in line with the UNGPs. This was a widely held view among participants. Many saw a need for reporting to include a company's processes for reviewing risks to affected stakeholders. One suggested the reporting framework should address the question 'what does the reader need to know to understand the adequacy of these processes?' This could encompass processes and outcomes, quantitative and narrative information. Another participant suggested that if "important" issues were defined by stakeholders, then they would quickly encompass everything, and urged that there be a clear distinction between what goes into formal reports and broader aspects of company communication or stakeholder engagement.

**A framework could set parameters or criteria for a company to identify what is most important or salient for it to report.** Many participants saw this as an important objective and explored the question of how to accomplish it within a framework. Some noted that companies may have blind spots on some of their greatest risks to human rights. One company participant suggested that the question of what is most important requires "uncomfortable discussions" within a company: not just "what can I report?" or "what should I report?" but "what would stakeholders expect me to report?" Those leading on human rights reporting within companies need space to have these conversations internally as well as externally. Another company participant noted that while indicators are often focused at the level of company commitments, smart questions could help companies focus more on actual performance.

**A reporting framework might focus attention on the highest risks to human rights.** It was suggested that a company should first report on how it identifies the leading human rights risks and impacts for its operations. This could then be the basis for reporting on how a company uses its leverage to address those issues. Various participants suggested that information of this kind – even if fairly general – could then be picked up by stakeholders at the operational level and used to drive grassroots discussions with company representatives, as well as driving internal conversations about company strategy.



**A framework should go to the heart of how a company operates.** Participants emphasized the need for reporting to demonstrate how a company gives voice to workers and affected stakeholders. Some saw an opportunity in a human rights reporting framework to focus on this aspect. One participant underlined the need for a framework to enable companies to report with ‘humility’ on what they were doing to address real challenges, rather than as a PR exercise for their successes. This drew broad support from participants as a key objective.

**Reporting criteria should include issues of lobbying.** Participants generally agreed that companies’ advocacy or lobbying activities should be part of disclosure where they have implications for the respect or protection of human rights. This was seen as important for knowing whether the company’s use of its leverage is aligned with its responsibility to respect human rights.

**A meaningful reporting process results in more than simply producing a report.** A number of participants echoed the idea that reporting against a framework that asks companies to disclose *how* they align with the UNGPs should contribute to improvements in their internal policies, programs, and procedures. A strong reporting process can provide a company with multiple opportunities to improve their “feedback loops” through conversations within the company and with stakeholders outside. One participant emphasized that robust reports could then drive better conversations with stakeholders in specific contexts, which in turn could inform future reporting, creating a virtuous circle of improvement.

**Critical issue #3: Balancing attention to forward-looking process with actual impacts**

**Overview from RAFI project team on balancing attention to forward-looking process with actual impacts:**

*The objective of the UN Guiding Principles is to drive positive human rights outcomes: that is, reduced impacts on individuals’ human rights. To meet this objective, the second pillar of the Guiding Principles focuses on processes for assessing and addressing human rights risks, including processes for remediating actual impacts. A reporting framework that is based on the UN Guiding Principles would logically put weight on the effectiveness of such processes. At the same time, information on how actual impacts are handled can be a key indicator of effectiveness. Moreover, while companies may be constrained from disclosing some impacts, assurance processes can still review these as part of assessing the effectiveness of a company’s processes.*

*In feedback to the project team, many civil society actors have shared concerns that a focus on process may be used to avoid disclosure of actual impacts, which they believe*

*should be a significant component of reporting. Companies have shared concerns that they have real limitations for reporting on impacts, including legal liability implications. Some investors have indicated that a forward-looking focus on risk may be more meaningful than a dominant focus on previous performance, which is not always the best indicator of future performance.*

**There is strong value in reporting on processes to identify and address human rights risks.** Participants from all stakeholder groups agreed on the value of reporting on processes, provided this was accompanied by other types of information that could help show how meaningful and effective they are in practice. It was reiterated by a number of participants that reporting on processes requires that such processes be scrutinized internally, which itself can help drive improvements - for instance, more awareness in procurement decision-making of human rights considerations.

**Actual impacts should be a feature of human rights reporting.** Most participants saw reporting on actual impacts as an important corollary to reporting on processes. At the same time, there was general recognition that companies may have some genuine constraints in this regard. However, precedents, for example from the Global Network Initiative, suggested that certain cases could be shared, and independent external input could help ensure meaningful cases are selected for reporting. External assurance/assessment of cases could provide further comfort to the public reader. Another suggestion was that reporting could reflect scenario planning – showing how the company has prepared for certain eventualities.

**Actual impacts need to be understood in context.** One participant noted that companies with the best due diligence would likely find more actual and potential impacts than those with no processes or bad processes. So reporting on impacts must be understood in context. Another participant remarked that companies that actively sought out human rights issues were often most effective in addressing them. Others noted the need to understand how impacts relate to processes, and where processes have actually failed. Yet others underlined the challenge of attributing responsibility for actual impacts, suggested that transparency on processes of due diligence was therefore particularly important. One participant noted that “first movers” might be at a disadvantage, and that it would be helpful to mainstream the idea that certain issues (impacts) should be reported.

**Unintended consequences of reporting on impacts should be avoided.** Some participants cautioned that a global framework should consider any possible negative consequences of increased disclosure. For example, suppliers might be penalized by buyers for improved transparency that reflected badly on the buyer. It was also noted that there could be inherent challenges when considering how to communicate risk and impact with regard to rights-holders, in order to protect their safety. However, many participants echoed the view that reporting on a company’s processes for engaging

stakeholders, including in remediation of impacts, should have a strong place in any framework.

**It may be helpful to include generic examples in a reporting framework.** Some felt that including examples in a reporting framework could help give companies a sense of the kind of information readers would be looking for, including ways to share information without revealing commercially compromising details. One participant suggested that examples could help push internal conversations beyond possibly defensive reactions such as “we can’t disclose that”. Another participant saw examples as a key way of testing the integrity and quality of management processes.

**Smart questions might help companies report on an appropriate mix of processes and impacts.** The example of Oxfam’s “Behind the Brands” initiative was discussed. Their benchmark asks four key questions: a) Was the company aware of the particular human rights issue? b) Did they know their own supply chain and how the issue relates to them? c) What had they committed to tackle, now or in the future? d) What supply chain management processes did they have in place to make that happen, beyond a Code of Conduct? The focus had been more on knowing whether stakeholder dialogues were occurring where they should, than on what exactly was discussed; and more on knowing that impact assessments were being done with certain key characteristics, than on insisting the results be posted publicly. Other questions that participants highlighted as potentially valuable included: “How is the company considering root causes of systemic issues?” and, “What has the company learned in the last 12 months about its human rights risks or impacts that would prompt it to evaluate or act differently?”

**A forward-looking process might include opportunity as well as risk.** A couple of participants suggested that a risk-oriented lens might remove issues from reporting that could be included if framed in positive terms around opportunity. A focus on risks tended to exclude issues based on “materiality” criteria, or may lead to a “check the box” mentality, rather than creative solution-seeking.

**The role of government should not be lost.** It was emphasized that the role of government should not be lost from sight in this discussion, including the need for governments to provide clearer advice on these issues. A number of participants noted that greater awareness of the growth in government regulation in this area might help sharpen the “business case” for paying attention to human rights reporting.

#### ***Critical issue #4: Internal Audit/ Assurance***

##### ***Overview from RAFI project team on internal audit/ assurance:***

*An assurance framework, to complement the reporting framework, would be designed*

*to assure the content of the human rights report: is the information provided a fair representation of reality? This resonates with the UN Guiding Principles, which are interested not just in the fact of a process, but also in its effectiveness.*

*Feedback to the project team from stakeholders has emphasized the differences between financial audits and appropriate approaches to assuring human rights reports. Clearly a focus on quantitative data is inappropriate. Yet the financial arena also offers precedents for looking at internal controls for risk management. Many stakeholders have highlighted the failings of the traditional social audit paradigm in that it often provides a superficial, “tick box” approach that can easily be manipulated, and typically does not scrutinize management systems. Still other stakeholders have pointed out the need to learn from weaknesses in current sustainability assurance practices, which are seen to be of varying quality. These practices often focus on evaluating the accuracy of reported data, rather than factors such as the sufficiency of information or adequacy of any systems described. Finally, the project team has heard from many stakeholders about the need for any framework to set out clearly the necessary competences for assurance providers with regard to human rights, particular operating contexts and stakeholder consultation processes. This may suggest in some contexts a need to work collaboratively with other individuals or organizations who hold particular expertise.*

**Existing assurance paradigms have weaknesses as precedents for assurance of human rights reports.** Many participants highlighted the weaknesses of traditional social compliance auditing, and its poor results in improving performance. At the same time, it was noted that more robust processes were emerging that include the voices of affected stakeholders to test findings.

**Differences between assurance processes conducted by accounting firms and by sustainability/risk management providers need consideration.** Two main approaches for assurance in the sustainability arena were highlighted: a) assurance by large accounting firms, which was seen to be based in standardised testing and quantitative approaches, leading to a short, dry, factual statement about the validity of data; b) assurance by mid-sized or smaller firms focused on sustainability and/or enterprise risk management, which was seen to be more principles-based, leading to a longer analysis in the opinion that reflects the auditor’s own impressions. It was seen as important to understand fully the strengths and weakness of the different approaches and be clear who would be able to provide ‘assurance’ of the kind needed for human rights. One participant suggested that it could be interesting to ask auditors to express a view on whether the content of human rights reporting is focused on the issues of greatest relevance and significance in human rights terms.

**Providing credible assurance is challenging.** A few participants, including practitioners, highlighted the challenges of assurance in this field: it required extensive understanding of local context and engagement with local stakeholders, with insights building over

time and repeat visits. It may be that what can be assured in year one would be quite basic and increase over time, as the auditor gains familiarity.

**Assurance of human rights reports must incorporate the perspective of affected stakeholders.** There was widespread support for the view that assurance, like reporting, should reflect the perspective of affected stakeholders. Three dimensions were identified: a) the extent to which stakeholder input informed the content of the report; b) the extent to which the report provides evidence of effective stakeholder engagement; and c) the extent to which assurance providers “triangulate” the information they receive from the company with inputs from affected stakeholders and their representatives.

**Assuring progress on a “journey” of implementation carries some merits and some pitfalls.** A couple of participants felt that assurance should indicate progress in the “journey” of implementing measures to meet the responsibility to respect human rights, given the complexities involved for both the company and assurance provider. Some others noted skepticism and feared that the idea of a “journey” could lead to easy excuses and a difficulty in pinning down clear expectations and actions. One participant suggested that assurance may be a step too far for many companies given different perspectives on what makes it legitimate, and that it may be better left to small, industry-focused initiatives, with a set group of stakeholders within the initiative conducting reviews. Another participant described an assurance process that began with a panel of civil society critics of the company in question who first identified their key concerns; then ranked the issues by relevance to define the top five issues for assurance; and finally received a copy of the assurance report, once complete, so they could provide views on both its content and legitimacy. The key in the process had been that the criteria for the assurance were transparently documented and communicated.

**The skillsets needed for assurance of human rights reports are specific and only weakly represented in current audit/assurance circles.** There was broad consensus that any assurance framework would have to define clearly the skills and knowledge required to conduct the kind of assurance envisaged. Many providers would require training to meet the requirements. One participant suggested that in jurisdictions with strong standards and enforcement, government might play an advisory role. Others noted that some assurance providers were starting to build real stakeholder engagement into their processes, but many of those doing this work didn’t understand business systems and how to translate findings into those terms. Given the need for a breadth of knowledge and skills, it was suggested that this kind of assurance may need to involve several different parties in a “team endeavor.”

**It may be best for RAFI’s assurance framework to be developed after the reporting framework.** There was widespread agreement that it makes sense to start first on the development of a reporting framework before starting to build the related assurance

framework. Many were concerned that the reporting framework would otherwise tend to be defined by what it is easiest to assure, and not what it is most meaningful to report. One participant suggested dropping the assurance framework altogether, while others suggested that the complementary nature of RAFI's proposed reporting and assurance frameworks differentiates it from other reporting initiatives and adds potential value. There was a view among many participants that RAFI created an opportunity to "re-envision" what assurance in this field should look like, notwithstanding the many pitfalls. There was also recognition that companies were unlikely to take up the idea of assurance until they felt very comfortable with their reporting.

***Additional issue: Applicability to different size companies and different levels of company operations***

During the final session, participants returned to the issue of how applicable a reporting framework could or should be to companies of different size or different levels in company operations.

**RAFI should aim to produce guidance that is useful for enterprises of all sizes, and at all levels of operations.** There was a widespread view that RAFI should seek to ensure that the reporting and assurance frameworks make sense for smaller companies and for site-level operations, as well as for large multinationals at the headquarters level. It was noted that the US Environmental Protection Agency requires facility-level greenhouse gas reporting by companies, and that investors use this information, as do communities that are entitled to know what pollution is being emitted in their local areas. It was noted that investors would also like companies to consider including country or regional highlights in their disclosure, similar to Anglo-American's communication resulting from the use of its SEAT Toolbox, Nike's reporting on human rights in China, or Intel's facility-level environmental reporting.

**It may be necessary and appropriate to focus reporting on the basis of geography and/or risk levels.** Some business participants felt that reporting on the full breadth of operations would be nearly impossible, given the sheer scale of their global operations and the volume of data that would be required. Other participants pointed out that the UNGPs expect companies to prioritize key risks and that these will vary by region or country. This suggested that a reporting framework based on the UNGPs would not necessarily require companies to report holistic, global performance data, but to focus reporting on the highest risk areas, by geography or by human rights issues. It was underlined that any such approach would need to be based on clear and explained criteria that might be defined in the reporting framework.

**Being broadly relevant to companies of different size will require the reporting framework to be both simple and carefully targeted.** It was noted that the more

complex a framework becomes, the more likely it is to be inappropriate to one or other sector, and the more likely it is to be unsuitable for smaller companies. One participant underlined that RAFI should not be afraid to ask simple questions such as “do you include/ reference to the UNGPs in your strategic management plans or processes?” The answers to simple, targeted questions could be revealing to readers and drive valuable conversations within companies.

### ***Conclusion and Next Steps***

In conclusion, many participants expressed a wish to remain part of discussions and help move the project forward. The value of looking at lessons that can be learned from certain multi-stakeholder initiatives, from the environmental sustainability movement, as well as from some of the creative initiatives of companies themselves was underlined. It was suggested that RAFI spell out how it would fit with the other key reporting initiatives, based on existing conversations and collaborations. There was also a suggestion that some global and mid-sized companies should pilot the frameworks before they are rolled out, as well as indications of potential company interest in contributing to the evolution of the frameworks. The importance of ensuring that both operating contexts and the voice of stakeholders are clearly reflected in what the frameworks ask of companies and assurance providers was again emphasized as being central to the success of RAFI, and offers to help support this were also received.

The RAFI project team is grateful to all who took part in the consultation and contributed their candid, constructive and expert views to the conversation. Following completion of the consultations in London, New York and Jakarta, the project team will reflect on the implications of these inputs for both the conduct and content of the project and will issue some tentative ideas with regard to its next steps in the early weeks of 2014, as a basis for further stakeholder feedback.

## **Annex A: Agenda for Expert Consultation**

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

Full Day Convening of Expert Stakeholders in London

**October 23, 2013**

- 9:00 am**                      **Welcome from Shift & Mazars**  
Agenda & Objectives  
Opening briefing: where the project stands
- 9:30 – 10:45 am**            **Participatory introductions & key questions**  
Session attendees frame key opportunities and challenges for the Reporting & Assurance Frameworks Initiative
- 10:45 am**                      **Coffee break**
- Following the coffee break, the remainder of the day will focus on critical issues identified by the project team in advance. Each session will include:*
- Framing of key issue
  - Facilitated discussion on the issue
  - Emerging conclusions or next steps for the project
- 11:00 am**                      **Critical issue #1: The Project Proposition**  
Project process and ownership of the final products  
Relationships with and to other initiatives  
Potential for adding value
- 12:00 pm**                      **Critical issue #2: Materiality with a Human Rights Lens**  
Defining materiality in a human rights context  
Setting boundaries and thresholds for reporting  
Implications for the development of frameworks and indicators
- 1:00pm**                         **Break and Lunch**
- 1:45 pm**                         **Critical issue #3: Balancing attention to forward-looking process with actual impacts**



Relevance and limitations of risk-based focus  
Relevance and limitations of reporting actual impacts

**2:45 pm**

**Critical issue #4: Internal Audit/ Assurance**

Challenges for tailoring assurance to human rights  
Lessons from fields of financial audit, sustainability assurance and social audit

**3:45 pm**

**Break**

**4:00 pm**

**Summary of critical issue discussions**

Review of emerging conclusions  
Review of additional issues identified  
Feedback/ input on next steps

**5:30 pm**

**Conclusion**

## **Annex B: Participant List**

*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. Adam Kanzer, Domini Social Investments
2. David Schilling, Interfaith Center on Corporate Responsibility
3. Monica Gorman, New Balance
4. Dan Bross, Microsoft
5. Katrina Hendricks, 3M
6. Kim Hessler, GE
7. Mark Jones, ELEVATE
8. Declan Croucher, Verite
9. Adam Carrell, Ernst & Young
10. Christina Sabater, Avanzar
11. Sarah Altschuller, Foley Hoag
12. Steve Lydenberg, Harvard
13. Meg Roggensack, Independent
14. Irit Tamar, Oxfam America
15. Rob McGarrah, AFL-CIO
16. Jason Pielemeier, US Department of State
17. Gerald Pachoud, United Nations
18. Philippe Charest, Canada Department of Foreign Affairs, Trade and Development
19. Lee Ballin, Bloomberg
20. Mark Hodge, Global Business Initiative
21. Ana Blanco, UN Global Compact
22. Chloe Poynton, Business for Social Responsibility
23. Adam Greene, US Council on International Business
24. Mike Posner, NYU Stern School of Business

### **RAFI Project Team**

25. Caroline Rees, Shift
26. John Sherman, Shift
27. Rachel Davis, Shift
28. Beth Holzman, Shift
29. Howard Dorman, Mazars
30. Bill Mellon, Mazars
31. Bridget Day, Mazars
32. Wendy Stevens, Mazars