

'Smart' guidance for companies on human rights reporting is launched in London

On 24 February 2015 in London, the non-profit centre for business and human rights practice, Shift and accountancy firm, Mazars launched their comprehensive guidance for companies to report on human rights issues in line with the United Nations Guiding Principles on Business and Human Rights. The guidance is the culmination of 18 months of research and consultation.

The responsibility to respect human rights in brief

In June 2011, the United Nations Guiding Principles on Business and Human Rights (the **UN Guiding Principles**) were unanimously endorsed by the UN Human Rights Council. The UN Guiding Principles, as formulated by the former Special Representative of the UN Secretary General on Business and Human Rights, Professor John Ruggie, emphasise that while States have a legal duty to protect against human rights violations, companies and other business enterprises have a responsibility to respect human rights, which means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.

Growing pressure to adhere to the Guiding Principles

Since the endorsement of the UN Guiding Principles, a number of international standards such as the OECD Guidelines for Multinational Enterprises, the IFC Performance Standards on Environmental and Social Sustainability, the UN Global Compact, the Equator Principles and the ISO 26000 have been revised to ensure alignment with the Guiding Principles. [Click here](#) for further information.

In parallel, a number of national governments and multilateral organisations have introduced laws and regulations requiring companies to report on the steps they have taken to ensure respect for human rights and in some

cases, to explain why such steps have not been taken. [Click here](#) and [here](#) for further information regarding UK and European developments.

There is also increasing evidence that investors, civil society and consumers expect companies (in particular, through their board of directors) to demonstrate adherence to the UN Guiding Principles and to account for the ethical conduct of their business.

Together with the UN Guiding Principles, such developments send a clear message – businesses are expected to "know and show" that they are meeting their responsibility to respect human rights in practice.

But how exactly do businesses go about "knowing and showing" that they are meeting their responsibility to respect human rights?

Many businesses and stakeholders have called for guidance regarding how they should go about reporting on the implementation of the UN Guiding Principles throughout their operations and value chains. The UN Guiding Principles Reporting Framework (the **Reporting Framework**) is intended to provide such guidance.

The Reporting Framework is "user friendly" in that it sets out how companies can report on human rights issues in a meaningful and coherent way based on eight overarching questions which are designed to enable any company, including small and medium sized enterprises, to respond. The questions work around a central theme of a company's

"salient" human rights issues which are those human rights that are at risk of the most severe negative impact through a company's activities or business relationships. The questions cover the governance of respect for human rights, the management of salient human rights issues and define the focus of reporting.

The Reporting Framework also offers companies detailed guidance on how to answer these questions with relevant information about their human rights policies, processes and performance, as well as an annex of internationally recognised human rights and examples of how business might impact them.

The Reporting Framework is non-proprietary and publicly available for use by all stakeholders, see:

<http://www.ungpreporting.org>

A step in the right direction

The UN Guiding Principles have gained the support of the broader international community, but the way in which these principles may translate into hard law remains to be seen. As such, the Reporting Framework itself does not have any formal legal status and is in large part, premised on bringing the UN Guiding Principles to bear on everyday business practice.

That said, there are early indications that the Reporting Framework may become a benchmark standard for reporting on business and human rights matters:

- influential companies from five different industries have already adopted the Reporting Framework - Unilever (the first adopter), Ericsson, H&M, Nestlé and Newmont, and many other companies across industries are expected to start using the Reporting Framework in 2015;
- a number of investors, with US\$3.91 trillion assets under management, have issued a letter supporting

the Reporting Framework referring to it as "an essential tool" that enables investors to review companies' understanding and management of human rights risks, and guides investors in their engagement with companies;

- the European Parliament, represented by Richard Howitt (MEP) and the United Kingdom government, represented by Jo Swinson (UK Minister for Employment Relations and Consumer Affairs) have both expressed their support for the Reporting Framework;
- Professor Ruggie, the author of the UN Guiding Principles, is the Chair of the Board of Trustees of Shift which lends the Reporting Framework added weight in the international community; and
- the Reporting Framework complements other key reporting initiatives, such as the Global Reporting Initiative's G4 Framework as well as industry or issue specific business and human rights initiatives, with relationships to such initiatives being set out within the guidance to the Reporting Framework to assist companies in addressing their various reporting obligations and choices consistently.

A catalyst for change?

At this stage, it remains to be seen whether further national and international developments will converge around the Reporting Framework. But there are promising signs - by bringing together the key reporting guidance initiatives into one "smart" framework focused on salient human rights issues, the Reporting Framework looks well placed to form a common standard to be widely adopted by businesses and key stakeholders, including investors.

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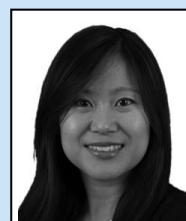
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