

The Corporate Human Rights Benchmark

Harnessing the competitive nature of the markets to drive better human rights performance.

Empowering governments and civil society to encourage and press companies to fulfil their corporate responsibility to respect human rights.

Benchmarking the top 500 globally listed companies on their human rights related policies, processes and practices.

Framework Paper for Multi-Stakeholder Consultations

This document sets out the overview, framework and process in the development of the Corporate Human Rights Benchmark (CHRB). This document also seeks to provide the reader with an understanding of the rationale and aims of the CHRB, as well as initial understanding of the CHRB draft Methodology and process for public input and finalisation in advance of the first pilot Benchmark.

This document is NOT the CHRB methodology itself nor the complete set of indicators that will be used in the forthcoming pilot ranking.

Table of Contents

Overview	3
Rationale for the Benchmark	3
What is the aim of Benchmark?	3
Objectives.....	3
Expected Impacts	4
Framework.....	5
Design Principles.....	5
Scope	6
Out of Scope	6
Benchmark Limitations	7
Measurement Themes	7
Process	16
Lifecycle of the Benchmark	16
Methodology Review	16
Roadmap.....	16
Short-term Timeline.....	17
Consultation Process	17

Overview

Rationale for the Benchmark

The competitive nature of the market is a powerful driver for change. The Corporate Human Rights Benchmark (CHRB) will build on a competitive approach to incentivise better human rights performance by companies through developing a transparent, publicly available and credible ranking of corporate human rights related policies, processes and practices.

Public transparency, combined with public rankings of companies' performance, is proving a key tool in driving a race to the top. For example, the [Access to Medicine Index](#) has brought advances in the pharmaceutical industry's approach to providing and pricing medicines for often those without means, suffering from diseases such as HIV/Aids and "orphan" diseases – those ignored by large drug companies because they are diseases of the poor with little financial return. Oxfam's [Behind the Brands](#) ranking has created competition between 10 major food and beverage companies to eliminate land grabs, enhance the status of women in their supply chains, and reduce carbon emissions – their achievements have included Coca-Cola and PepsiCo committing to zero-tolerance policies on land grabs, principally for sugar cane plantations.

The recent [survey by the Economist Intelligence Unit](#) on business and human rights found that CEO respondents felt benchmarking companies on their human rights performance would be the best option to enable them to better fulfil their corporate responsibility to respect human rights. The CHRB provides a productive application of the human rights reporting that will soon be standard for the largest companies under the EU Non-Financial Reporting Directive. In addition to incentivizing business behaviour, the CHRB will make an important contribution to creating greater leverage for policy-makers, investors, communities and consumers.

What is the Aim of the Benchmark?

The Corporate Human Rights Benchmark aims to incentivise better human rights performance over time. The Benchmark measures and ranks the top listed global companies on their human rights related policies, processes and practices.

Objectives

What the Corporate Human Rights Benchmark Will Do

- Make corporate human rights performance easier to see and simpler to understand for a wide range of audiences - inside and outside companies.
- Commend and reward companies doing well while also pointing the way toward improved performance on key human rights issues.



- Introduce a positive competitive environment encouraging companies to race to the top of the annual ranking.
- Enable investors, civil society and regulators to challenge companies where performance is poor and changes are necessary, using an evidence-based approach to improving corporate accountability.

Expected Impacts

- **Investors** will be better equipped with information to direct investments to companies actually performing against international human rights standards and away from those who are not.
- **Business** will be incentivised to make information publicly available and when adverse events do occur they will be more likely to demonstrate how they addressed them and “ lessons learned”, resulting in greater preventative measures as well as adequate remedies for victims.
- **Civil society, communities and customers** will be empowered to make well-informed choices about specific companies to engage with, through greater transparency and better data on performance, and will have better information to encourage and pressure human rights advances by companies.
- **Policy-makers and regulators** will have an objective means by which to focus on those companies and business sectors that have the greatest human rights impacts and in particular those which are underperforming against significant human rights risks, highlighting where increased regulation and incentives might be necessary.

Framework

Design Principles

The Corporate Human Rights Benchmark is centred around four design principles:

➤ **Using Publicly sourced information:**

The Benchmark will use information in the public domain to benchmark companies (with limited exceptions and therefore aims to encourage greater disclosure of information by companies. The Benchmark will request companies to submit information into a public portal¹ but will also use a wide range of information in the public domain from and about companies.

➤ **Drawing on the UN Guiding Principles on Business and Human Rights:**

The Benchmark will utilise the UN Guiding Principles on Business and Human Rights as a foundation, and will complement these with additional human rights sector or issue principles and guidance.

For example in the extractives sector the Benchmark draws on the Voluntary Principles on Security and Human Rights.

➤ **Building a Combination of a Comprehensive Approach to Human Rights Management with Sector Specificity:**

The Benchmark will focus on core aspects integral to respecting human rights' and to sector specific issues where applicable. The Benchmark will ensure that companies from different sectors can be benchmarked against each other. The Benchmark focuses on core aspects that should be part of any company's approach to respecting human rights and sector specific factors, when relevant.

For example in the apparel sector a factor that is relevant will be forced labour and human trafficking.

➤ **Covering Policies, Processes and Practices:**

The Benchmark will endeavour to balance measuring companies on human rights related policies, processes and practices.

The Benchmark takes a process and systems approach. It combines an assessment of each company's own process to determine and manage their most salient risks (after having reviewed a broad range of potential risks) with a narrower view of those risks that are likely to be the most significant for companies in their sector and which we believe companies should be managing.

The Benchmark also endeavours to assess performance through a series of KPIs and sector specific practices combined with an assessment of adverse events that have occurred and companies approach to addressing and remediating them.

¹ The portal will be designed based on the framework of the [BHRRC Company Action Platform](#)

Scope

The scope of the Benchmark is not fixed and will change as it expands to its ultimate target of benchmarking the top 500 globally listed companies. The methodology will therefore also evolve over time as new sectors are introduced.

For its first iteration under Methodology 1.0, the Benchmark will focus on:

- **Companies:** The Benchmark will initially measure the top 100 globally listed companies that are in the Extractive, Apparel and Food/Beverage and Agriculture sectors. The Benchmark will focus solely on company's operations and not on a company's products or services. The scope of the companies considered to fall inside the sectors will be set out in more detail in the final methodology.
- **Sectors:** The Benchmark will initially measure companies in the Extractive, Apparel and Food/Beverage and Agriculture sectors. These sectors were chosen following multi-stakeholder consultations and taking into account the severity of human rights impacts of the sector, the extent of previous work on human rights in the sector/area of business activity, including through sector-specific initiatives, what other benchmarks already exist and global economic significance by size or "connecting" influence.
- **Adverse Human Rights Impacts:** The Benchmark's focus is on measures taken to avoid, mitigate and address adverse human rights impacts in line with the UN Guiding Principles on Business and Human Rights. Measures around positive impacts, through supporting or promoting the enjoyment of human rights, are not the focus – though company leadership on human rights will be assessed to provide opportunity to acknowledge innovations in ensuring companies do not harm people.

Out of Scope

These are significant aspects that contribute to human rights performance by companies, but which will not be covered in Methodology 1.0. Following multi-stakeholder consultations on the draft methodology 1.0, such issues will be considered for subsequent revisions of the Benchmark's Methodology (e.g. 2.0, 3.0, etc.).

- **Geography:** The Benchmark in its first iteration will not focus on specific geographies.
- **Products and Services:** The Benchmark will not focus on issues that impact on human rights linked to the products and services, which companies provide, for example food safety. These will be covered in the next iteration of the Benchmark.
- **Positive Impacts:** The Benchmark will not focus on positive impacts on human rights.
- **Rights that are measured in aggregate as a sector:** The Benchmark will not include issues that are relevant to human rights but that cannot be directly attributed to a particular company or its business relationships, instead only to a wider collective. For example, climate change links to human rights concerning a clean environment or taxation links to economic rights.

Benchmark Limitations

- **Not a fundamental measure of performance:** The Benchmark will not be a fundamental measure of performance due to difficulties of sourcing complete information, defining measures, and aggregation. It will measure relevant proxies of performance to drive forward improvement.
- **Limitations of assessing across operations:** The Benchmark will be ranking the largest of global companies, often with extensive operations globally. The information drawn on for the Benchmark will be as precise as the information released by companies in a disaggregated basis and available through reasonably accessible information sources globally and locally. In order to deal with this challenge the Benchmark will initially score companies based on demonstrating examples of good practices and on asking for coverage of operations.

Measurement Themes

The draft Benchmark methodology currently focuses on 5 measurement themes, and 9 sub-topics.

Measurement Themes	Sub -Topic
Leadership 10%	Leadership
Governance 10%	Policy Commitments 5%
	Board Level Accountability 5%
Management systems 30%	Embedding policy 5%
	Human Rights Due Diligence 15%
	Remedies and Grievance Mechanisms 10%
Performance 40%	KPIs and Sector-specific Practices 20%
	Adverse Events 20%
Reporting 10%	Reporting/ Transparency

There are over 50 indicators and these are classified as essential (E) or desirable (D) when relevant². Essential Indicators are indicators that we expect companies to fulfil either in part or in full. Desirable indicators are indicators that we expect companies to work towards.

Additional sector specific requirements for each indicator are colour coded in the scoring of the indicators, for example: **EX** For a score of 2, **AP** In addition, for score 2, **AG** In addition, for score 2.

² Indicators under the Performance and Reporting Measurement Area are not classified as essential or desirable.

Below are the individual measurement themes, including the list of indicators for each theme and **an example** of the structure of one of the indicators.

A. LEADERSHIP - 10% Weighting

Concept

- Advancing human rights through working with third parties (peers, governments etc.) and pushing the agenda

List of Leadership Indicators

- Raising human rights concerns with governments (D)
- Raising human rights concerns with industry peers (D)
- Activities within MSIs (D)
- Support for building local Human Rights capacity (D)

Example of the structure of an Indicator

- **Raising human rights concerns with industry peers (D)**

The Company commits to publicly differentiating its own position when it has a stronger stance on a human rights issue than a trade association or other industry or geographic industry bodies of which it is a member, **or** to leaving a trade body when its human rights positions conflicts strongly with the Company's **or** to seeking to positively influence trade bodies on human rights concerns. This commitment is backed with specific examples.

Score 1 - Commitment in principle to advocate for human rights with trade associations and other industry or geographic industry bodies. **Or** the Company gives specific examples of seeking to positively influence such bodies.

Score 2 - Commitment backed with specific examples.

B. GOVERNANCE – this theme includes two sub-topics: Policy Commitments & Board Level Accountability

(i) Policy Commitments - 5% Weighting

Concept

- International human rights standards and principles to which company commits
- Top level implementation commitments

List of Policy Commitment Indicators

- Commitment to respecting Human Rights (E)
- Commitment to respecting the core ILO conventions (E)
- Commitment to respecting international human rights of vulnerable groups (E)
- Commitment to respecting additional international human rights conventions or standards regarding local communities (D)
- Commitment to incorporating human rights into Business Relationships (E)
- Commitment to engage with stakeholders (E)
- Commitment to remedying (D)

Example of the structure of an Indicator

○ **Commitment to respecting Human Rights (E)**

The Company publicly commits to respecting human rights. The commitment must relate to respecting human rights across the Company's activities and business relationships. It must be clear it relates to human rights more generally, rather than one or more selected issues, for example, non-discrimination. This is not about philanthropic activities. (*source: UNGPRF A1*)

Score 1 – The Company has a public statement of policy in which it commits to respecting human rights.

Score 2 – The Company has a public statement of policy in which it explicitly commits to respecting human rights and either or all of the following: UDHR, International Bill of Rights or proxies including UNGPs, OECD MNE

EX For a score of 2, the Company has a public statement of policy committing to respecting human rights in maintaining the safety and security of operations (based on relevant UN guidelines or is a signatory to the Voluntary Principles on Security and Human Rights (VPSHRs) or to using security providers who are signatories to the International Code of Conduct of Private Security Providers).

(ii) Board Accountability - 5% Weighting

Concept

- Expectation of the Board (including C-suite)
- Things linked to corporate strategy
- Most senior levels of responsibility

List of Board Accountability Indicators

- Leadership from the top and board responsibility (E)
- Board skills and expertise (E)
- Board agenda (E)
- Performance incentives (D)
- Relationship to corporate strategy (D)

Example of the structure of an Indicator

○ **Leadership from the top and board responsibility (E)**

The Company's human rights policies are approved by the board. The Company identifies the board level of responsibility for human rights within the Company. (*sources: UNGPRF A 1.1, A2 and A2.1*)

Score 1 – Human rights policies and positions are attributed the CEO by name or to another board member. **Or** responsibility for human rights has been assigned to a member of the board.

Score 2 – The Company has both assigned board level responsibility for human rights **and** its human rights policies are approved by the board.

AP In addition, for score 2, the Company needs to also have a human rights policy applying to its supply chain signed by the CEO or a board member or to have outlined board responsibility for human rights standards in supply chains.

AG In addition, for score 2, the Company needs to also have a human rights policy applying to its supply chain signed by the CEO or a board member or to have outlined board responsibility for human rights policy in supply chains.

C. MANAGEMENT SYSTEMS – this theme includes three sub-topics: Embedding policy, Human Rights Due Diligence & Remedies and Grievance Mechanisms.

(i) **Embedding policy** - 5% Weighting

Concept

- Communication of policy commitments
- All day to day management & responsibilities (ex reviewing risks and remedy/grievance)
- Evidence of systems operation (some cross over with Reporting/Transparency)
- Stakeholder management

List of Embedding policy Indicators

- Responsibility and resources for day-to-day human rights function (E)
- Alignment of other internal policies and processes with the human rights policy (E)
- Integration with corporate risk monitoring generally (E)
- Incentives and performance management (E)
- Communication / dissemination of policy commitment (E)
- Communication / dissemination of policy commitment to business relationships (E)
- Training (E)
- Regular review of Human Rights policy (D)
- Internal compliance and Corrective actions and acknowledging issues (E)
- Engaging business partners (E)
- Framework for stakeholder engagement (E)
- Health and Safety management (E)

Example of the structure of an Indicator

- **Alignment of other internal policies and processes with the human rights policy (E)**

The Company aligns internally to the human rights policy statement or describes how internal policies and processes will embed the human rights policy statement into daily company management. (source: UNGPRF A2.4)

Score 1 – Commitment to alignment in principle across all relevant policies and processes and alignment in practice with the most important functions

Score 2 – Evidence produced of regular review of ongoing alignment is taking place across all relevant functions including personnel, procurement and legal functions (including contract approval) with explanation of the frequency of review

AP For score 1, the policy must clearly be part of procurement process(es), for example reference is made to how buying teams take policy into account when making decisions on who to use as a supplier.

AP For score 1, the policy must clearly be part of procurement process(es), for example reference is made to how buying teams take policy into account when making decisions on who to use as a supplier.

(ii) Human Rights Due Diligence - 15% Weighting

Concept

- Salient risk list identification and assessment
 - Involvement of stakeholders in HR DD assessments
 - Existence of Action Plans
 - Existence of systems to track conclusions
- Note: stakeholder management generally under Embedding
Note: assessment of policy and systems outcomes elsewhere

List of Human Rights Due Diligence Indicators

- Existence and triggers for identifying human rights risks and impacts (E)
- Assessment of risks and impacts identified (key sector risks) (E)
- Identification and consultation with stakeholders on salient HRs issues (E)
- Acting on outcomes of the assessment (E)

Example of the structure of an Indicator

- **Assessment of risks and impacts identified (key sector risks) (E)**

The Company has a process in place to assess and prioritise actual and potential human rights impacts and risks. (Source: UNGPRF B1, B2 and C3 and HRCA 2014 1.2.2.)

Score 1 – Process for assessing the salience of risks is described.

Score 2 – Process is described and results made public including details of risks that might be anticipated for the sector, but which are considered but judged not salient. Prioritisation for assessing and acting is based on most potentially severe impacts. Explains when not including a key risk for the sector why the risk was not considered salient. In given sectors we will list key risks for the sector that need to appear and have been considered to merit a score of 2 (see below).

EX Key risks that might be anticipated for the sector: indigenous peoples rights, land rights and resettlement, security, environmental protection and natural resource use, health and safety.

AG Key risks that might be anticipated for the sector: land rights, food security, women and children, water, smallholder farmers, environmental protection and natural resource use, labour relations and indigenous peoples rights.

AP Key risks that might be anticipated for the sector: labour relations, including working conditions, human trafficking and forced labour, women and children, fire safety hazard, environmental protection.

(iii) Remedies and Grievance Mechanisms - 10% Weighting

Concept

- Complaints systems
- Remedying company identified impacts

List of Remedies and Grievance Mechanisms Indicators

- Channel(s)/mechanism(s) to receive human rights complaints or concerns (E)
- Effectiveness of channel(s)/mechanism(s) (E)
- Oversight and review of the complaints process (E)
- Process for incorporating lessons learnt (D)
- Remedying any impacts identified (D)

Example of the structure of an Indicator

- **Channel(s)/mechanism(s) to receive human rights complaints or concerns (E)**

The Company has a formal or informal channel(s) or mechanism(s) (owned, third party or shared) through which at least some individuals or groups can raise complaints or concerns in relation to human rights issues. (source: UNGPRF C6.1 and C6.2)

Score 1 – The Company has a channel/mechanism or participates in a shared mechanism accessible to **either** workers, affected community stakeholders or the public to alert the company to complaints or concerns about human rights.

Score 2 – The mechanism is available to **all** potentially affected stakeholders, as well as the wider public concerning the company's operations.

AP For score 2 and in addition to the above, the Company promotes and supports their suppliers to facilitate complaints / develop their own channel(s) / mechanism(s) to raise human rights complaints or concerns for workers. Alternatively, the Company provides a 'fall-back channel' for workers or suppliers or contractors.

AG For score 2 and in addition to the above, the Company promotes and supports their suppliers to facilitate complaints / develop their own channel(s)/mechanism(s) to raise human rights complaints or concerns for workers. Alternatively, the Company provides a 'fall-back channel' for workers or suppliers or contractors.

EX For score 2 and in addition to the above, the Company promotes and supports their joint venture partners and contractors to facilitate complaints / develop their own channel(s) / mechanism(s) to raise human rights complaints or concerns for workers and communities. Alternatively, the Company provides a 'fall-back channel' for workers or suppliers or contractors or communities.

D. PERFORMANCE - this theme includes two sub-topics: KPIs and Sector-Specific Practices & Adverse Events

(i) KPIs and Sector-Specific Practices - 20% Weighting

Concept

- Specific practices that prevent or reduce negative impacts
- Numeric measures that track prevention or reduction of impacts

List of KPIs and Sector-Specific Practices Indicators

- Forced labour: bonded labour
- Forced labour: Identity card and document retention
- Regular employment
- Temporary workers
- Child labour: Age verification and corrective actions
- Non-discrimination: Equal remuneration
- Non-discrimination: Boards
- Freedom of association
- Workers covered by collective bargaining agreements
- Health and Safety: Fatalities, Lost days, Injury rates
- Working hours
- Living wage
- Right to human health

Example of the structure of an Indicator

○ **Forced labour: bonded labour**

The Company refrains from hiring workers involved in bonded labour in all its forms, up to and including the use of violence as well as those involving deposits, salary advances or loans, including to pay for work-related expenses that should be covered by the Company, irregular or delayed wage payments, or requiring workers to pay recruitment fees or relocation expenses.

Score 1 – The Company has a public policy which includes a commitment not to use bonded labour in all its forms.

Score 2 – Specifically, the Company has a clear recruitment policy with procedures and guidelines for the hiring of staff and the use of recruitment agencies and outsourced staffing arrangements and commitment to pay recruitment fees.

AP For each score, the above applies to supply chain

AG For each score, the above applies to supply chain

EX For each score, the above applies to contractors & JVs

(ii) Adverse Events - 20% Weighting

In order to systematically and dynamically identify and assess risk incidents across the world, the Benchmark will incorporate the services of RepRisk, the best source of such data. RepRisk is a business intelligence firm based in Zurich that is specialized in ESG risk analysis and metrics.

Concept

- Acknowledgement, remedy and learning from adverse events

Note: Self reported impacts go under Remedy and Grievance Mechanisms unless not fully reported or caught here first

List of Adverse Events Indicators

- HIGH SEVERITY - There are allegations of severe breaches of ILO standards or the right to security of persons, freedom from torture, inhumane or degrading treatment against the Company or the Company's supply chain.
- MEDIUM SEVERITY – The Company faces negative news stories related to Labour and Human Rights. Highlighted by BHRCC and RepRisk.

Example of the structure of an Indicator

- **HIGH SEVERITY - There are allegations of severe breaches of ILO standards or the right to security of persons, freedom from torture, inhumane or degrading treatment against the Company or the Company's supply chain.**

The allegations covered under this indicator relate to: child labour/ forced labour/ discrimination/ freedom of association and collective bargaining / working hours/ health and safety/ right to security of persons / right to human health / freedom from torture, inhumane or degrading treatment.

In order to appear under this indicator, there has to be enough details to substantiate and link the Company or its supply chain to the allegations. In addition, it has to include a mix of the following indicators: severity, the Legal/regulatory framework, sources from main newspapers (high profile case), systemic and prior warning.

E. REPORTING / TRANSPARENCY - 10% Weighting

Concept

- Data on management systems (some cross over with embedding)
- Impacts and outcomes (some cross over with KPIs/good practices)
- Possibly transparency on adverse events (TBD)
- Assurance

List of Reporting / Transparency Indicators

REPORTING ON MANAGEMENT SYSTEMS

- Human Rights training
- Monitoring and risk assessment
- Disclosure of HRs risk/impact assessments

REPORTING ON PERFORMANCE

- HRs screening / investments or contracts including HRs clauses
- Detailed reporting on stakeholder engagement on (salient) HRs issues?
- Reporting on some ILO standards
- Number of human rights related incidents and corrective actions
- Number of grievances

QUALITY OF REPORTING

- Reporting is verified and informed - Stakeholder verification and input

Example of the structure of an Indicator

- **Human Rights training**

The total number of employees trained and the amount of training on Human Rights they receive.
(source: GRI G4 – HR2 and HR8)

Score 1 - Any details on training (training procurement, or internal auditors trained on HRs, etc. OR absolute figure of employees trained).

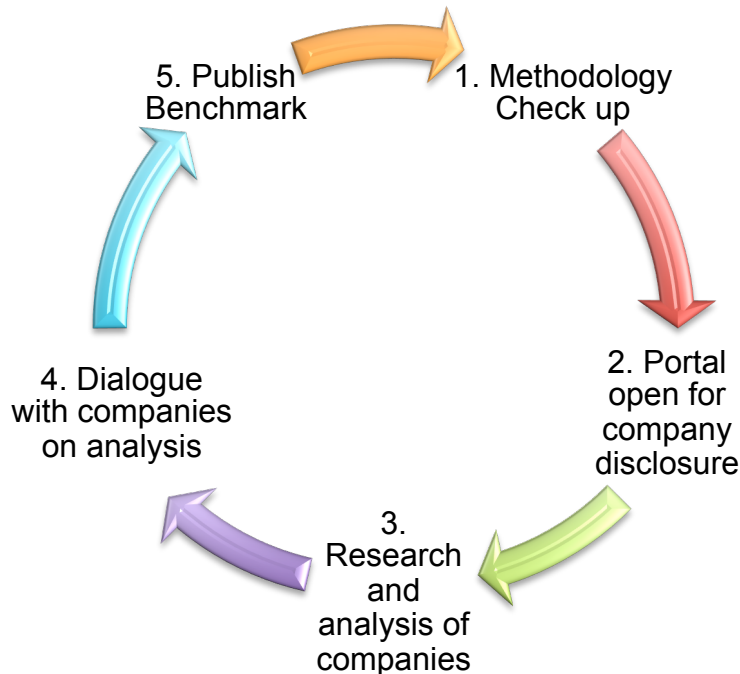
Score 2 – The Company reports on training and also discloses the total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

EX In addition, for score 1, the Company also reports on training security personnel. For score 2, it reports the percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations

Process

Lifecycle of the Benchmark

The Corporate Human Rights Benchmark will operate on an annual life cycle.



Methodology Review

Once the initial Benchmark with all its sectors are established, the Benchmark will aim to review the methodology every 3 years. This review will include adding new elements to the Benchmark (e.g. geographical scope, products and services), fine-tune indicators and add additional indicators to reflect changes in the eco-system.

On an annual basis a quick methodology check up will be done, this will ensure that any issues that came out in the previous year's Benchmark are adjusted.

Roadmap

The ultimate aim of the Benchmark - to rank top 500 globally listed companies - will be achieved incrementally. This will be done by adding new sectors to the benchmark over time.

Proposed Timeline (this is subject to change)

March - June 2016:

- Pilot Benchmark 100 companies from the extractives, agriculture/food and beverage, Apparel sectors using Methodology 1.0.

March - June 2017:

- Broaden remit to the finance, heavy manufacturing and engineering, light manufacturing or service Industries and the electronics sectors using Methodology 1.0. Undertake consultations on and revisions to Methodology 1.0.

March - June 2018:

- Release Methodology 2.0 and broaden to include pharmaceutical and ICT sectors – reach target of 500 companies.

Short-term Timeline

This is an indicative timeline for the first iteration of the Benchmark

June - September 2015	Multi-stakeholder consultations on CHRB Framework and draft Methodology 1.0.
September 2015	Draft Methodology 1.0 review and revision following consultation process.
October 2015	Online Portal is opened for companies to disclose information relevant to each measurement area.
November 2015	Research and analysis on companies begins.
January - February 2016	Dialogue with companies on draft analysis for clarifications and corrections.
March - April 2016	Publish pilot Benchmark

Consultation Process

The consultation process will run from June – September 2015.

Multi-stakeholder consultations will be held in major global cities including Amsterdam, London, Johannesburg, Sao Paulo and New York. Consultations will also be carried out with companies and additional webinars. All these will focus on the overall framework of the Benchmark and take the broad critical issues.

On the 15th July 2015, the full draft methodology 1.0 will be published as part of our online consultation, and will be hosted on our website for 6 weeks. This will ask for comments and input on the complete set of indicators by which companies will be measured. Additional bilateral consultations will also be held with human rights and sector experts.

For more up to date information on the forthcoming consultation process please refer to the [Corporate Human Rights Benchmark website](#).